quest and had voted to refer the proposal to the Council of the Oregon State Medical Society. Upon motion duly made and seconded, it was voted to recommend that payment for services rendered the dependents of enlisted men under the auspices of the American National Red Cross be left to the individual physician acting in accordance with the ethical principle of adjusting charges to the patient's ability to pay, and that the members of the Society be informed of this recommendation by individual letter and through the Oregon Section of "Northwest Medicine".

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President McLean referred to the action of the House of Delegates at the 1944 Session in referring to the Council for study and recommendations to the House of Delegates, at its mid-year meeting, the question of continuing the Oregon Physicians' Service and the question of extending the service of the Oregon Physicians' Service to families. An extended discussion of these questions ensued. Upon motion duly made and seconded, it was voted to recommend to the House of Delegates that the Oregon Physicians' Service be continued, that no recommendation be made on the question of extending the service of the Oregon Physicians' Service to families, that the delegates be provided with information concerning this latter question in advance of the mid-year meeting, and that they be asked to formulate their opinions on this question.

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(Among those who spoke at this meeting were Drs. Richard P. Adams, Chairman of the Committee on Public Policy; Matthew C. Riddle, Chairman of the Committee on Medical Service; and Gordon B. Leitch. Stanley Lamb was Secretary Pro Tem.)

Plaintiff's Exhibit 363

4644 OREGON STATE MEDICAL SOCIETY

PROCEEDINGS OF THE COUNCIL

MARCH 3, 1945

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, March 3rd, at 5:30 p.m.

The following members of the Council were present: Edward H. McLean, L. M. Spalding, Burton A. Myers, John H. Fitzgibbon, Stanley Lamb, J. V. Straumfjord, Henry Garnjobst, B. R. Shoemaker, E. D. Lamb, C. W. McCain and L. S. Kent.

Morris L. Bridgeman, Richard B. Adams, Gordon B. Leitch, J. Milton Murphy, Frank R. Mount, Matthew C. Riddle, Frederick D. Stricker, Harold M. Erickson, and the executive secretary were also present.

Willard C. Marshall, E. E. Rubey and Joseph E. Harvey, Jr., of the Oregon Physicians' Service, were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of February 3rd and to adopt them in the form in which they had been supplied to the members.

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Dr. Fitzgibbon pointed out the need of strong county medical societies. He stated that many county medical societies had become medical economic discussion clubs and that, in many instances, hospital staffs had taken over the scientific functions of the county medical societies.

4645 Upon motion duly made and seconded, it was voted that the following resolution be submitted to the House of Delegates at its mid-year meeting and that, if adopted, the Delegate to the American Medical Association be instructed to submit it to the House of Delegates of the American Medical Association at its 1945 Session:

WHEREAS, the strength of medical organization is based upon the strength of its component county units; and

WHEREAS, the component county medical societies have been weakened in recent years, in consider-

able part, as a result of the frequency of hospital staff meetings and the elaboration of hospital staff meeting programs to include formal papers which should properly be presented at county medical society meetings;

THEREFORE BE IT RESOLVED, that it be recommended that the requirements with respect to hospital staff meetings be changed to provide that meetings be held quarterly instead of monthly and that the programs be limited to discussions of questions of concern to the hospital staffs.

Dr. Adams, Chairman of the Committee on Public Policy, presented a report concerning measures affecting the public health and the practice of medicine pending in the State Legislature. Upon motion duly made and seconded, it was voted that the work of the Committee on Public Policy be approved and commended.

Dr. Adams reported that the Committee had been greatly embarrassed and hindered in its work at the State Legislature by a letter, statement, and resolution concerning the regulation of the production and handling of milk products and meat, adopted by the Multnomah County Medical Society, at its meeting on February 7, 1945, following its joint preparation by the Committee on Public Health and the Committee on Public Relations and its subsequent reference to the general Society with the approval of its Council.

Upon motion duly made and seconded, it was voted that a communication be directed to the Council of the Multnomah County Medical Society calling attention to the following facts:

1. That the presentation of policy to the State Legislature with respect to legislation affecting the State as a whole is the function of the Committee on Public Policy of the Oregon State Medical Society.

2. That, therefore, local medical societies should communicate actions concerning legislation of State-wide effect to the Council of the Oregon State Medical Society for its consideration in the formulation of State-wide legislative policy, through their own legally elected State Councilor or Councilors, or by written statement addressed directly to the Council.

3. Communications addressed directly and independently to the members of the State Legislature by a local medical society with respect to legislation of state-wide import, except in support of legislative policies adopted by the Oregon State Medical Society, inevitably produce confusion and mistrust among the members of the Legislature. Moreover, such communications tend to destroy the effectiveness of the entire effort of the Committee on Public Policy of the Oregon State Medical Society during the particular session of the Legislature concerned, and have far-reaching, evil effects for many subsequent sessions.

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Dr. Fitzgibbon suggested that the American Medical Association send a V-mail letter periodically to all physicians in the military service, informing them of current trends in medical economics and of the activities of the Association.

Dr. Fitzgibbon outlined recent activities of the Council on Medical Service and Public Relations of the American Medical Association and of the contemplated regional conference of the Council in Portland.

Dr. Fitzgibbon discussed the organization and methods of the American Association of Physicians and Surgeons in combatting political medicine.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 364

4647

NORTHWEST MEDICINE

Journal of Oregon State Medical Society,
Washington State Medical Association,
Idaho State Medical Association and
Alaska Territorial Medical Association

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EDITORIALS

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4648 STATE COUNCIL MEETING

The regular February meeting of the Council of the Oregon State Medical Society was held in Portland February 3.

A report was received from Richard B. Adams, analyzing some of the legislation introduced or pending before the state legislature which might affect the practice of medicine or the public health.

Matthew Riddle reported for the committee on Medical Service on the need and estimated costs of the statewise survey of health needs which has been proposed. Additional study of the problem is being made.

The request of the Jackson County Medical Society that Oregon Physicians Service provide hospital service on a prepayment basis for the dependents of employee groups in that county was read, provoked a little discussion, but was not acted upon, pending further information and study.

A report of the investigation made by the Washington State Medical Association, upon which it reached a decision not to include a health center in the plans of the proposed Medical School in that state, was read and filed in the records.

The matter of date for a spring meeting of the House of Delegates was discussed, and it was decided to hold the meeting April 7 and 8. Invitation was also extended to officials of the Council on Medical Economics of the American Medical Association to hold a regional meeting at the same time, if deemed advisable.

Following disposal of a number of routine matters the meeting adjourned.

BLUE CROSS, OREGON PHYSICIANS SERVICE HOLD HARMONY MEETING

Officials of the Oregon Physicians Service and the Blue Cross plan have once more repeated a step in their efforts to iron out difficulties between the two organizations. On numerous occasions in the past various groups have met to discuss the problem of coordinating their efforts, but no tangible results followed. The latest effort to get to-

gether took the form of a dinner meeting at the Multnomah Hotel, Portland, on the afternoon of February 4.

In attendance at the meeting were members of the council of the Northwest Hospital Service plan, including President E. B. McNaughton, A. L. Morland, Ralph W. Nelson, secretary of the Portland Council of hospitals, Sister Elizabeth Clare of Portland, Sister John of the Cross, of Astoria, W. Galesdorf of Salem and others.

Directors of Oregon Physicians Service attending the harmony meeting, following a regular meeting of their own earlier in the day, were D. R. Ross, president, J. W. Brennon of Pendleton and Gordon B. Leitch of Portland. Also attending the meeting were E. H. McLean of Oregon City, president of the Oregon State Medical Society, who presided over the informal gathering, Blair Holcomb, president of the Multnomah County Medical Society, Stanley Lamb and Mr. Clyde B. Foley, executive secretary of the Oregon State Medical Society, as well as administrative officials of both organizations including Mr. Frank Dickson and Mr. Willard C. Marshall, who arranged for the gathering.

Each guest was given an opportunity to express his or her views, and when these were stated it was agreed that efforts should be continued toward unifying the programs of the two organizations since their objectives are similar. It was, therefore, voted that a committee of six, three members from each organization, be named to attempt to draft a workable plan, if such appears possible, to be submitted to the Blue Cross and Oregon Physicians Service at an early date.

Named to this committee for Blue Cross interests were Mr. Ralph Nelson, Mr. Frank Dickson and Mr. A. L. Morland. Representing the Oregon Physicians Service were President D. R. Ross, Dr. Gordon B. Leitch and Mr. Willard Marshall. It is understood this committee is to meet soon and, if a workable plan can be developed for coordination of efforts, the plan will be submitted to the parent organization for ratification.

ASSOCIATION OF AMERICAN PHYSICIANS AND SURGEONS OFFERS CALL FOR NONPARTICIPATION

Letters have been received by numerous doctors throughout the state from the Association of American Physicians

and Surgeons of Gary, Indiana, soliciting their personal and financial participation in an organized effort to refuse their services to any system of politicalized or state medicine. The appeal, intriguing and well presented, has resulted in numerous inquiries asking what to do.

The idea of a group of individuals refusing to go along with any system of politicalized regimentation of the practice of medicine originated with members of Lake County Medical Society. In Indiana, and the formation of the American Physicians and Surgeons group represents an impatience with the less spectacular efforts of the National Physicians Committee, combined with an effort to spread the idea of nonparticipation to national proportions. It also is believed to have originated in part from dissatisfaction with the seeming lack of efforts put forth by the American Medical Association, ignoring the fact the A.M.A. cannot undertake certain actions not included in its charter for tax and other reasons.

The idea of nonparticipation has considerable merit, but as advanced by the Indiana group may be slightly premature and not without inherent weaknesses. It should not be dismissed lightly, even if joining the movement as presented cannot be completely recommended at this time. Further investigation of the subject is now being made and it is hoped to have an analysis of the factors involved and conclusions reached to appear in our next issue.

STATE BOARD OF HEALTH

Governor Snell has announced the appointments of C. E. Hardwick of Hood River, and reappointment of Thomas Robertson of The Dalles, and Charles E. Hunt of Eugene as members of the State Board of Health.

Dr. Hardwick succeeds Dr. Thompson Coberth of The Dalles, resigned because of ill health. Dr. Hardwick is a graduate of the University of Oregon Medical School and has practiced in Hood River for fifteen years. Dr. Robertson is a past-secretary and Dr. Hunt a past-president of the Oregon State Medical Society.

All the appointees to the board will serve for a term of four years.

Plaintiff's Exhibit 365

4649 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

May 5, 1945

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, May 5th, at 5:30 P.M.

The following members of the Council were present: Edward H. McLean, L. M. Spalding, Burton A. Myers, Thomas S. Saunders, R. Lloyd Tegart, John H. Fitzgibbon, Frank R. Menne, L. Howard Smith, J. V. Straumfjord, B. R. Shoemaker, E. D. Lamb, and L. S. Kent.

Gordon B. Leitch, J. Milton Murphy, D. R. Ross, and Harold M. Erickson were also present.

F. F. Oppenlander, Acting Chief of Operations of the Office of Labor of the War Food Administration, Loren E. Kerr, Field Medical Officer for the Office of Labor of the War Food Administration and Medical Director of the Agricultural Workers' Health Association, and Walter W. Argo, Executive Secretary of the Agricultural Workers' Health Association were also present.

Willard C. Marshall, General Manager of the Oregon Physicians' Service, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of March 3rd and to adopt them in the form in which they had been supplied to the members.

Bills for March and April were read and approved.

President McLean announced that Mr. Oppenlander, Dr. Kerr, and Mr. Argo were present, on invitation, to outline the problem of providing medical care to Mexican agricultural workers who are being brought into the United States to relieve the shortage of local agricultural labor.

Mr. Oppenlander, Dr. Kerr, and Mr. Argo then discussed this problem at length. In their discussions, it was pointed out that there would be approximately 4000 Mexican workers in Oregon during the current year and that it was the obligation of the Office of Labor to provide to these workers complete medical care in non-occupational sickness and injury and usually, also, in occupational disease and injury, because most agricultural employers do not place their employees under the State Workmen's Com-

pensation Law or provide similar benefits through a private insurance company.

Dr. Kerr stated that this medical service was provided through a non-profit corporation known as the Agricultural Workers' Health Association which receives Federal funds for this purpose. He outlined the system of camp clinics maintained by the Association and the plan for referring patients from these clinics to private physicians. He
4650 stated that there was some dissatisfaction among Oregon physicians with respect to the fees and that he desired to review and readjust the schedule in cooperation with the Society.

Following extended discussion, upon motion duly made and seconded, it was voted to request the Board of Directors of the Oregon Physicians' Service to confer with representatives of the Office of Labor of the War Food Administration, with a view to developing a plan by which medical service could be supplied to migrant agricultural workers under the jurisdiction of the Office of Labor through the Oregon Physicians' Service.

Dr. Ross, President of the Oregon Physicians' Service, called attention to the action of the House of Delegates, at its mid-year meeting, in appointing the Board of Directors of the Oregon Physicians' Service as an interim committee to define the objectives of the Oregon Physicians' Service and its relationship to other methods of distributing the costs of medical and hospital service. Dr. Ross stated that the Board was planning to send out a questionnaire to the members of the component medical societies to ascertain their opinions on these subjects.

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Plaintiff's Exhibit 366

4653 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

November 3, 1945

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, November 3rd, at 5:30 P.M.

The following members of the Council were present: L. M. Spalding, Edward H. McLean, Burton A. Myers, Raymond M. McKeown, Thomas S. Saunders, Ralph A.

Fenton, Frank R. Mount, Stanley Lamb, J. V. Straumfjord, Henry Garnjobst, B. R. Shoemaker, E. D. Lamb, C. W. McCain, W. J. Weese and L. S. Kent.

John H. Fitzgibbon, Gordon B. Leitch, Harold M. Erickson, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of October 6th and to adopt them in the form in which they had been supplied to the members.

Bills for October were read and approved.

Dr. Fitzgibbon, Dr. Spalding, and Dr. Kent presented extensive verbal reports concerning the Conference on Public Relations sponsored by the Council on Medical Service and Public Relations of the American Medical Association at Chicago on October 19th and 20th.

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4655 President Spalding announced that the Oregon Mental Hygiene Society had requested that the Society establish a Committee on Mental Hygiene to cooperate with it. Upon motion duly made and seconded, it was voted to authorize the President to appoint a Committee on Mental Hygiene.

President Spalding announced that the place of the 1946 Session should be determined. Upon motion duly made and seconded, it was voted that the 1946 Session be held at Gearhart on dates to be determined by the Committee on Annual Session.

President Spalding announced that two members of the Executive Committee were to be elected for the three-year term ending in 1948. Frank R. Menne and J. V. Straumfjord were elected.

Dr. Fenton announced that he was retiring as a Trustee of the American Medical Association and expressed his appreciation of the cooperation of the Council during his tenure as Trustee. Dr. Fenton was given a standing vote of thanks for his services as Trustee.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 367

4656 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

October 6, 1945

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, October 6th, at 5:30 P.M.

The following members of the Council were present: L. M. Spalding, Edward H. McLean; Stanley Lamb, Burton A. Myers, Raymond M. McKeown, Thomas S. Saunders, Cecil J. Ross, Frank R. Menne, L. Howard Smith, J. V. Straumfjord, Henry Garnjobst, I. S. Kent, and Frank R. Mount.

Gordon B. Leitch, Joseph P. Brennan, Harold M. Erickson, and the executive secretary were also present.

Dr. Simpson of the National Physicians Committee for the Extension of Medical Service was also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of June 2nd and to adopt them in the form in which they had been supplied to the members.

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President Spalding announced that the Council on Medical Service and Public Relations were sponsoring a Conference on Public Relations to be held at Chicago on October 19th and 20th, and that each State medical association had been invited to send two representatives to the Conference. Upon motion duly made and seconded, it was voted that President Spalding be designated to represent the Society at the Conference on Public Relations sponsored by the Council on Medical Service and Public Relations of the American Medical Association.

Dr. Leitch, editor of the Oregon Section of "Northwest Medicine", suggested that it might be well to incorporate in the Oregon Section a statement to the effect that articles appearing there do not necessarily represent the opinions of the Oregon State Medical Society and also that all articles which are expressions of personal opinion be signed. Upon motion duly made and seconded it was voted that a statement be incorporated in the Oregon Section of "Northwest Medicine" to the effect that articles appearing therein do not necessarily represent the opinion of the

Oregon State Medical Society and that all articles which are expressions of personal opinion be signed by the writer.

Dr. Simpson of the National Physicians Committee for the Extension of Medical Service outlined the surveys of prepayment plans of medical service conducted by medical societies being made under the auspices of the Committee.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 368

4658 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

December 1, 1945

The regular monthly meeting of the Council of Oregon State Medical Society was held at the Hotel Benson on Saturday, December 1st, at 5:30 P.M.

The following members of the Council were present: L. M. Spalding, Edward H. McLean, Thomas S. Saunders, Cecil J. Ross, Stanley Lamb, J. V. Straumfjord, Henry Garbjobst, B. R. Shoemaker, E. D. Lamb, C. W. McCain and L. S. Kent.

Gordon B. Leitch, J. Milton Murphy, Harold M. Erickson, Blair Holcomb and the executive secretary were also present. Henry L. Skinner of Battleground, Washington was also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of November 3rd and to adopt them in the form in which they had been supplied to the members.

Bills for November were read and approved.

A letter from Hollister M. Stolte, secretary of the Yamhill County Medical Society was read. In the letter it was reported that the Yamhill County Medical Society had voted to endorse a resolution of the Wayne County (Michigan) Medical Society which had been adopted by the House of Delegates of the Michigan State Medical Society, providing for the establishment of a Section on General Practice in the American Medical Association, and to urge the Oregon delegate to support this resolution in the House of Delegates of the American Medical Association at its meet-

ing on December 3rd to 6th in Chicago. Upon motion duly made and seconded it was voted that this matter be referred without recommendation to Frank R. Mount, Delegate to the American Medical Association.

A letter from S. B. Osgood, Secretary of the Josephine County Medical Society, reporting a similar action by that Society, was read. Upon motion duly made and seconded, it was voted that this matter be referred without recommendation to Frank R. Mount, Delegate to the American Medical Association.

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Dr. McLean, Chairman of the Committee on Publication, submitted the following report:

> The Committee on Publication, which represents the Society on Board of Trustees of "Northwest Medicine", has recently considered several problems.
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> Since the suit brought against the journal in 1943 by the Sanitube Corporation, there has been discussion regarding the reincorporation of the Northwest Medical Publishing Association to clarify the ownership of "Northwest Medicine" and eliminate any liability that might exist so far as the three cooperating state associations, or the trustees selected by them, are concerned. It now appears that reincorporation is probably unnecessary, but that some less direct relationship between the Northwest Medical Publishing Association and the three cooperating state medical associations is desirable. Therefore, the Committee recommends that the b-laws of the Society be amended to provide that the House of Delegates shall nominate instead of elect, the three members of the Committee on Publication to serve as Trustees of the official journal, leaving the Board of Trustees free to elect the members so nominated, or any other three members of the Society, that similar action be suggested to the Board of Trustees of the Washington State Medical Association and the Council of the Idaho State Medical Association, and that the by-laws of the Northwest Medical Publishing Association be amended to place in effect this change in the method of electing the Trustees.
>
> The editor has reported that advertisers have been recently pressing for the placement of their advertis-

ing between the pages of the body of the journals and has asked for an opinion on this question. The Committee recommends that approval be given to the interspersing of advertising between the pages of the "State Sections" and the subsequent miscellaneous matter, but that disapproval be given to the interspersing of advertising between the pages of the editorial matter or the original articles.

The Committee has also discussed the "Physicians' Directory", in which some members of the cooperating medical associations engaged in special practice have carried professional announcements. The committee is of the opinion that the professional tone of the journal would be elevated by the elimination of such announcements and therefore recommends the discontinuance of the "Physicians' Directory".

4660 Upon motion duly made and seconded, it was voted that this report and the recommendations contained be adopted.

Dr. Holcomb, President of the Multnomah County Medical Society, reported that the Council of the Society had requested him to present a program now under discussion for the expansion of "The Bulletin" of the Society. Dr. Holcomb stated that it had been suggested that "The Bulletin" might also serve as a bulletin of the Oregon State Medical Society, with one of the two issues published each month devoted to news of statewide significance and sent to all the members of the Oregon State Medical Society. He stated that the Council of the Multnomah County Medical Society desired to obtain the opinion of the Council of the Oregon State Medical Society concerning this proposal and suggested that a committee be appointed to discuss it with the Committee on Public Relations of the Multnomah County Medical Society.

Upon motion duly made and seconded, it was voted that the President appoint a committee of five members, two from Multnomah County and three from other counties, to confer with the Committee on Public Relations of the Multnomah County Medical Society concerning the proposal that "The Bulletin" of that society also serve as a bulletin of the Oregon State Medical Society and to submit recommendations regarding this proposal and the "Service Bulletin" of the Oregon State Medical Society, prior to the mid-year meeting of the House of Delegates. President Spalding announced the appointment of this committee as

follows: Edward H. McLean, Chairman; Gordon B. Leitch, E. D. Lamb, J. V. Straumfjord and B. R. Shoemaker.

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(Among those who spoke at this meeting were Gordon B. Leitch, member of the Committee on Public Policy and L. S. Kent, Chairman of the Committee on Public Health.)

Plaintiff's Exhibit 369

4662 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

January 5, 1946

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, January 5th, at 6:00 P.M.

The following members of the Council were present: L. H. Spalding, Edward H. McLean, Burton A. Myers, Raymond M. McKeown, Thomas S. Saunders, Cecil J. Ross, Frank R. Mount, John H. Fitzgibbon, Stanley Lamb, Frank R. Menne, L. Howard Smith, J. V. Straumfjord, Henry Garnjobst and B. R. Shoemaker.

Gordon B. Leitch, John R. Montague, Harold M. Erickson, G. B. Haugen, D. R. Ross, Joseph P. Brennan and H. R. Kauffman were also present.

Mrs. Henry Garnjobst, President of the Woman's Auxiliary, and the executive secretary were also present.

Upon a motion duly made and seconded, it was voted to dispense with the reading of the minutes of December 1st and to adopt them in the form in which they had been previously supplied to the members.

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President Spalding introduced Dr. Fitzgibbon as the newly-elected Trustee of the American Medical Association replacing Dr. Ralph A. Fenton, whose term had expired.

Dr. Fitzgibbon reported on recent activities of the National Physicians' Committee for the Extension of Medical Service.

Dr. Mount, Delegate to the American Medical Association, reported concerning the actions taken by the House of Delegates of the American Medical Association at its meeting in Chicago on December 3d to 6th.

He stated that he had presented the resolution adopted by our House of Delegates at its mid-year meeting on April 8, 1945 recommending that hospital staff meetings be held quarterly instead of monthly and that the programs be limited to discussions of questions of concern to the hospital staffs. He stated that the House of Delegates had adopted the following resolution:

4664 "RESOLVED, That the frequency of staff meetings in a hospital should be determined by the needs of the hospital itself and in conformity with the regulations set forth by the House of Delegates in the "Essentials of a Registered Hospital" reading as follows:

"Staff meetings should be held for the review of the work of the hospital, the discussion of results, the report of autopsies, pathologic studies, presentation of papers and such other matters as concern the professional work of the hospital."

Dr. Mount pointed out that this resolution carried out the purpose of our original resolution and in fact strengthened that proposal by making the frequency of hospital staff meetings conform to the needs of the hospital itself and not requiring a specific, uniform frequency of meetings.

Dr. Mount stated that he had also presented the resolution regarding the medical care of veterans adopted by this Council at its meeting on November 3, 1945. He stated that a number of similar resolutions had been presented but that no action was taken on any of the resolutions because, in his address to the House of Delegates, Major-General Paul R. Hawley, Acting Surgeon-General of the Veterans Administration, had clearly indicated that the Administration would pursue a policy of providing high-type medical care and that much of this care would be obtained in the local community of the veteran under plans developed in cooperation with the respective State medical association.

Dr. Menne reported on his impressions as an observer at the meeting of the House of Delegates.

President Spalding called attention to the action of the House of Delegates of the American Medical Association instructing the Board of Trustees and the Council on Medical Service and Public Relations to proceed as promptly as possible with the development of a specific national health program, with emphasis on the nationwide organization of locally administered prepayment medical plans sponsored by medical societies.

Dr. Fitzgibbon stated that, pursuant to this action, the Council on Medical Service and Public Relations had appointed an advisory committee to draft a nationwide prepayment plan to be coordinate with existing medical society plans and that the committee was already at work.

President Spalding called attention to the contracts recently entered into by the Veterans Administration with the Michigan Medical Service for the care of veterans in their home communities by physicians of the veteran's choice. He stated that the Board of Directors and the administrative staff were studying this matter and would perhaps have some definite information to present in the near future.

4665 President Spalding called attention to the fact that the Medical Practice Act provided that the Society nominate three physicians for the position of Carl G. Patterson as a member of the Oregon State Board of Medical Examiners, whose term expires on February 28, 1946, and that, at the January meeting, Dr. Patterson had been nominated to succeed himself for the five-year term ending February 28, 1951. Dr. Spalding announced that the other two nominations should now be made. J. P. Brennan of Pendleton and W. J. Woose of Ontario were unanimously nominated.

President Spalding announced that the dates of the mid-year meeting of the House of Delegates should be determined. Upon motion duly made and seconded, it was voted that the mid-year meeting of the House of Delegates be held on Saturday, April 7th.

There was discussion concerning a resolution to the death of Richard B. Adams. It was informally agreed that the President be authorized to appoint a committee to prepare and submit a suitable resolution.

President Spalding announced that he was planning visitations to the component societies in Eastern Oregon and Southern Oregon during March and asked the Councilors for the districts concerned to attend the meetings in their respective districts.

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THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 369-A

4667 OREGON STATE MEDICAL SOCIETY

PROCEEDINGS OF THE COUNCIL

December 7, 194[illegible]

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, December 7, at 6:00 P.M.

The following members of the Council were present: Stanley Lamb, L. M. Spalding, James C. Hayes, J. E. Buckley, Vern W. Miller, Max W. Hemingway, C. J. Ross, Blair Holcomb, Charles P. Wilson, Raymond M. McKeown, Frank R. Menne, J. Milton Murphy, John P. Cleland, J. V. Straumfjord, B. R. Shoemaker, R. Wayne Esperson, L. S. Kent and Charles N. Holman.

W. W. Baum, Karl H. Martzloff, Gordon B. Leitch, C. L. Booth, Warren C. Hunter, Frank B. Queens, C. Elmer Carlson, and John R. Montague were also present.

Joseph E. Harvey, Jr. of the Oregon Physicians' Service and the executive secretary were also present.

In the absence of Thomas S. Saunders, Secretary, J. E. Buckley was appointed Secretary-Pro-Tem.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of November 2 and to adopt them in the form in which they had been previously supplied to the members.

Bills for November were read and approved.

John R. Montague, Member of the Educational Advisory Committee to the Oregon Liquor Control Commission, outlined a proposal of the Committee for the establishment by the State of a rehabilitation treatment center for alcoholics.

* * * * *

A letter from Dr. C. L. Gilstrap of La Grande was read. In the letter, Dr. Gilstrap made complaint concerning the activities of the Northwest Hospital Service Plan in promoting the sale of contracts providing for medical and surgical benefits in addition to hospital benefits. Upon motion duly made and seconded, it was voted that this letter be referred to the Liaison Committee to the Oregon Association of Hospitals.

4668 * * * * *

C. Elmer Carlson discussed the hospitalization and medical care at the Northern Permanente Foundation

Hospital in Vancouver, Washington of injured employees under the protection of the Oregon State Workmen's Compensation Law. Upon motion duly made and seconded, it was voted that the Committee on State Industrial Affairs be authorized and directed to investigate the sending of injured employees under the protection of the Oregon State Workmen's Compensation Law outside the State for hospital and medical service and to present a report at the December meeting.

C. L. Booth, Vice-Chairman of the Committee on State Industrial Affairs, stated that many physicians were of the opinion that an increase in the Medical Fee Schedule of the Oregon State Industrial Accident Commission was justified. Upon motion duly made and seconded, it was voted that the Committee on State Industrial Affairs be authorized and directed to request the Oregon State Industrial Accident Commission to adopt a revised fee schedule that will provide an average increase of 35 per cent in the fees.

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4669 Dr. L. O. Carey, Chief Medical Officer of the Portland Regional Office of the U. S. Veterans Administration, spoke on the proposed agreement between the Veterans Administration and the Society in connection with the medical care of veterans with service-connected disabilities. He emphasized that the proposed agreement would not abrogate the existing agreement between the Veterans Administration and the Oregon Physicians' Service which the Council had authorized on February 2, 1946, but that many physicians had requested that they be permitted to deal directly with the Veterans Administration, as provided in the proposed agreement.

An extended general discussion followed in which it was made clear that it was the concensus of opinion that no change be made in the present plan established under the existing contract between the Veterans Administration and the Oregon Physicians' Service.

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J. E. BUCKLEY
Secretary-Pro-Tem

Attorney Fees	$ 100.00
Auditing Expense	150.00
Executive Secretary's Bond	10.00
Treasurer's Bond	10.00
Annual Meeting Expense	2000.00
Mid-Wear Meeting, House of Delegates	100.00
Council Meeting and Travel Expense	1000.00
Expense of Executive Committee	50.00
Expense of President and Officers	200.00
Expense of Delegates to A.M.A.	1500.00
Expense of Committee on Public Policy	3000.00
Expense of Executive Secretary	250.00
Expense of Flowers	50.00
Heat and Light	100.00
Honorarium, Editor of Oregon Section "Northwest Medicine"	420.00
Janitor Service	120.00
"Northwest Medicine"	2100.00
Office Door Emblems	75.00
Office Equipment	500.00
Office Expense	300.00
Personal Property Tax	10.00
Postage	350.00
Press Clipping Service	84.00
Printing	200.00
Rent	633.00
Safety Deposit Box Rent	3.60
Salary—Executive Secretary	7680.00
Office Secretary	2700.00
Subscription to A.M.A. Journal	8.00
Subscription to "The Oregon Voter"	32.00
Telephone and Telegraph	400.00
Woman's Auxiliary	1000.00
	$25,135.60

Plaintiff's Exhibit 370

4671 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

June 1, 1946

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, June 1st, at 6:00 P. M.

The following members of the Council were present: L. M. Spalding, Stanley Lamb, Barton A. Myers, Raymond M. McKeown, Thomas S. Saunders, Cecil J. Ross, Edward H. McLean, John H. Fitzgibbon, Frank R. Menne, L. Howard Smith, John P. Cleland, J. V. Straumfjord, E. D. Lamb, C. W. McCain, W. J. Weese, and L. S. Kent.

Gordon B. Leitch, J. Milton Murphy, Harold M. Erickson, and Robert T. Boals, Jr., and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of May 4th and to adopt them in the form in which they had been previously supplied to the members.

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J. Milton Murphy, Chairman of the Liaison Committee to the Oregon Association of Hospitals, reported that the Committee had met with a committee representing the Oregon Association of Hospitals and had discussed the possibility of working out a joint arrangement between the Oregon Physicians' Service and the Northwest Hospital Service Plan under which the Oregon Physicians' Service would provide Medical Service only and the Northwest Hospital Service Plan provide hospital service. Dr. Murphy stated that the two committees had agreed to ask Willard C. Marshal, General Manager of the Oregon Physicians' Service and Frank F. Dickson, Executive Director of the Northwest Hospital Service Plan, to develop a plan to accomplish this purpose for the consideration of the committees.

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4672 President Spalding called attention to the program of publicity of the Council on Medical Service and Public Relations of the American Medical Association concerning medical service plans sponsored by local and state medical societies and the program of public education on voluntary prepayment plans in California undertaken

jointly by the California Physicians' Service, the Blue Cross Hospital service plans, and accident and health insurance companies. Dr. Spalding asked that the Committee on Public Policy give consideration to a similar publicity program for the Society and to report its recommendations to the House of Delegates at the 1946 Session.

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Gordon B. Leitch, editor of the Oregon Section of "Northwest Medicine," reported that he was devoting a large part of the section in the June issue to the health and physical education program provided under House Bill 53, enacted by the 1945 Legislature. Dr. Leitch stated that he had asked Mrs. George Moorhead, President of the Oregon Federation of Women's Clubs, one of the sponsors of the bill, to submit a statement of the objectives and cost of the program, for publication and that he would also present the position of the Society concerning the program.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS, M. D.
Secretary

Plaintiff's Exhibit 371

4674 OREGON STATE MEDICAL SOCIETY

PROCEEDINGS OF THE COUNCIL

February 1, 1947

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, February 1st, at 6:00 P. M.

The following members of the Council were present: Stanley Lamb, J. E. Buckley, Vern W. Miller, Thomas S. Saunders, Blair Holcomb, Frank R. Menne, J. Milton Murphy, John P. Cleland, J. V. Straumfjord, Henry Garnjobst, B. R. Shoemaker, R. Wayne Esperson, W. J. Weese, L. S. Kent, Charles N. Holman, and Raymond M. McKeown.

W. W. Baum, Gordon B. Leitch, Robert L. Benson, Warren C. Hunter, C. L. Booth, Harold M. Erickson, D. R. Ross, H. H. Foskett, and Albert W. Holman were also present.

Willard C. Marshall and T. H. Hammond of the Oregon Physicians' Service, Richard K. Stanton, Executive Secre-

tary of the Multnomah County Medical Society, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of January 4th and to adopt them in the form in which they had been previously supplied to the members.

Bills for January were read and approved.

A letter from Governor Earl Snell was read. In the letter, Governor Snell expressed his thanks for the nominations of Irvin R. Fox and Carl H. Phetteplace of Eugene, and Harvey A. Woods of Ashland for his consideration in making the appointment to the Oregon State Board of Medical Examiners for the five-year term ending on February 28, 1952 and stated that he was arranging for the reappointment of Dr. Fox.

A letter from E. D. Lamb, Chairman of the Committee on State Industrial Affairs and former Councilor for the 5th District, was read. In the letter, Dr. Lamb recommended that members of the Council be reimbursed, not only for railroad and Pullman fare, as at present, but also for their hotel and other necessary expenses incurred in attending meetings. Upon motion duly made and seconded, it was voted that members of the Council be reimbursed for their hotel and other necessary expenses involved in attending meetings, in addition to their railroad and Pullman fare.

Another letter from Dr. Lamb was read. In the letter, Dr. Lamb recommended that the members of the Committee on State Industrial Affairs, who are revising the Medical Fee Schedule of the Oregon State Industrial Accident Commission, be reimbursed for their railroad and Pullman fare and hotel and other necessary expenses involved in attending meetings. Upon motion duly made and seconded, it was voted that members of the Committee on State Industrial Affairs be reimbursed for their railroad and Pullman fare and hotel and other necessary expenses involved in attending meetings, their statements of such expenses to be reviewed and approved by the Executive Committee.

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There was discussion concerning the difficulty of coordinating the activities of the Oregon State Medical Society and the component societies, arising from the fact that the time of the annual election of officers of the various component societies varies from that of the Oregon

State Medical Society. Upon motion duly made and seconded it was voted to recommend that each component society amend its Constitution and By-laws to provide that officers for each ensuing year shall take office at the close of the annual meeting of the Oregon State Medical Society.

Robert L. Benson, Chairman of the Committee on Public Policy, discussed federal legislation relating to the centralization of the administration of the public health and medical service activities of the federal government. Dr. Benson pointed out that the American Medical Association had long advocated the establishment of a National Department of Health, administered by a Secretary, who would be a doctor of medicine with broad public health experience, to bring together in a single agency all public health and medical service activities now widely scattered among numerous departments. He stated that Representative A. L. Miller of Nebraska, who is a physician, had introduced H. R. 605 in the present session of the Congress to accomplish this purpose, but that this bill had little prospect of enactment.

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4676 * * * * *

D. R. Ross, President of the Oregon Physicians' Service, stated that the Board of Directors desired to report concerning the difficulties encountered in carrying out the provisions of the contract with the U. S. Veterans' Administration for the Medical care of veterans in their home communities.

Gordon B. Leitch, member of the Board of Directors of the Oregon Physicians' Service, outlined a number of problems arising from this program.

Willard C. Marshall, General Manager of the Oregon Physicians' Service, also commented on these problems.

T. H. Hammond, in charge of the administration of the veterans' care program for the Oregon Physicians' Service, presented a detailed report of the numerous difficulties he had encountered.

4677 Dr. Leitch reported that the Board of Directors of the Oregon Physicians' Service had taken the following action at its meeting on February 1, 1947:

> "After long study of the problems involved in the contract program being conducted by Oregon Physicians' Service for the Veterans' Administration, the Board of Directors of Oregon Physicians' Service recommends that strong action be taken immediately to ef-

fect a change in the personnel of the Veterans' Administration Chief Medical Officer's department in this district."

Upon motion duly made and seconded, it was voted that this recommendation be adopted and that the Committee on Veterans' Affairs be authorized and directed to execute this recommendation.

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C. L. Booth, Vice-Chairman of the Committee on State Industrial Affairs, reported that the Committee had completed its revision of the Medical Fee Schedule of the Oregon State Industrial Accident Commission, and had had a preliminary meeting with the Commission at which it was agreed that detailed discussion of the proposed schedule would be carried on by an interim committee consisting of C. L. Booth, Joe B. Davis, and Forrest E. Rieke, representing the Committee, and Wilmer C. Smith, Medical Advisor, and F. I. Brown, Supervisor of the Claims Division, representing the Commission.

Dr. Booth expressed the opinion that the fee schedule of the Oregon Physicians' Service was too low. Upon motion duly made and seconded, it was voted to recommend that the Board of Directors adopt a revised fee schedule that will provide a general increase in fees.

President Lamb stated that at the preliminary meeting with the Committee on State Industrial Affairs, the Commission had discussed the need of physicians in various districts who were qualified to determine the degree of disability of injured employees, in order to eliminate the sending of many employees to Portland for disability determination by the Commission's medical staff. Dr. Lamb asked that the Committee on State Industrial Affairs give consideration to this need and the means of meeting it.

W. J. Weese, Chairman of the Committee on Rural Medical Service, reported that the Committee and representatives of the Oregon Physicians' Service had recently met again with a committee representing the Oregon State Grange for the discussion of a prepayment plan of medical service for members of the Grange and their families. Dr. Weese stated that the Committee would present a definite plan for consideration at the March meeting.

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The following report of the special committee appointed to investigate the sending of injured employees un-

der the protection of the Oregon State Workmen's Compensation Law outside the state for hospital and medical service was read:

"Your Committee, Drs. Leo S. Lucas, C. Elmer Carlson, and Charles P. Wilson, met on January 17, 1947 at the University Club with Commissioners Paul E. Gurske, T. Morris Dunne, and E. O. Arens, and Assistant Commissioner F. I. Brown.

"The general policy of the State Industrial Accident Commission in letting contracts for industrial accident coverage was discussed. It is well known, and recognized as the best solution, that contracts are let to industries in isolated areas. The Commission pointed out that they desire to have the workmen under S.I.A.C. coverage have free choice of physician. As this coverage is placed in larger and larger communities there are fewer and fewer contracts let. In Portland there are only about a dozen contracts let out to the various hospital associations.

Contracts are written with reliable hospital associations for industries in which these associations have the non-industrial coverage, only at the request of the employer and provided 60 per cent of the employees desire that coverage. Apparently this is an optional matter with the Commission but, also apparently, it is difficult to turn down if all factors are favorable.

The S.I.A.C. is not entirely pleased with the insurance carriers who also write industrial coverage, because these companies do not, by and large, offer enough protection to the workman.

The S.I.A.C. has no contracts with the Permanente Hospital Association, has never been approached by them and would write such a contract only if requested by the employer, at a rate approved by the Commission and provided the service to the workman was deemed adequate. The Commissioners were inclined to believe that we were "tilting with windmills" in this regard.

Our discussions were mutually earnest and your committee would like to make the following recommendations based upon these discussions. If the Council acts favorably on these recommendations, your committee would be please to have them turned over to our Committee on Public Policy to use as they see fit.

4679 1. It is best that the S.I.A.C. write no contracts with hospital associations or their equivalent, except in isolated communities, such as logging camps.

2. The best coverage for the workman is under the S.I.A.C. and all industrial accident coverage should be under the S.I.A.C. even if this makes a monopolistic law and compels employees to accept the State Workmen's Compensation Law."

Respectfully submitted,

Leo S. Lucas, Chairman
C. Elmer Carlson
Charles P. Wilson

Upon motion duly made and seconded, it was voted that this report, with the exception of Recommendation 2, to be adopted.

Henry Garnjobst, Chairman of the Advisory Committee to the Woman's Auxiliary, presented a progress report of the placement of "Hygeia" in the schools through the Auxiliary, under a plan of joint financing by the Society and the county public health associations. Dr. Garnjobst urged that all subscriptions by individual members of the Society be placed through the Auxiliary at the special half-price subscription rate of $1.25 per year.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 372

4680 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

March 1, 1947

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, March 1st, at 6:00 P. M.

The following members of the Council were present: Stanley Lamb, L. M. Spalding, James C. Hayes, J. E. Buckley, Thomas S. Saunders, Cecil J. Ross, Blair Holcomb, Charles P. Wilson, Frank R. Menne, J. Milton Murphy, John P. Cleland, J. V. Straumfjord, Henry Garn-

jobst, R. Wayne Esperson, C. W. McCain, W. J. Weese, L. S. Kent, Charles N. Holman, Edward H. McLean, and John H. Fitzgibbon.

W. W. Baum, Gordon B. Leitch, Robert L. Benson, C. L. Booth, Harold M. Erickson, Ralph W. Stearns, Matthew Stevens. and H. H. Skinner were also present.

Arthur W. Knox of the Oregon Physicians' Service, Richard K. Stanton, Executive Secretary of the Multnomah County Medical Society, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of February 1st and to adopt them in the form in which they had been previously supplied to the members.

Bills for February were read and approved.

President Lamb called attention to the fact that Frank E. Boyden of Astoria had retired and was eligible to life membership. Upon motion duly made and seconded, it was voted that Frank E. Boyden be elected to life membership.

L. S. Kent referred to the discussion at the February meeting concerning the difficulty of coordinating the activities of the Oregon State Medical Society and the component societies, arising from the fact that the time of the annual election of officers of the various component societies varies from that of the Oregon State Medical Society. Dr. Kent further referred to the action of the Council in recommending that each component society amend its Constitution and By-Laws to provide that officers for each ensuing year shall take office at the close of the annual meeting of the Oregon State Medical Society. Dr. Kent stated that most of the component societies elected and installed their officers at the December meeting and that, therefore, it would be simpler to amend the By-Laws of the Oregon State Medical Society to provide that the officers elected at the annual meeting shall take office on January 1st of the ensuing year. Upon motion duly made and seconded, it was voted that the Committee on Constitution and By-Laws be authorized and directed to submit to the House of Delegates, at its mid-year meeting, the necessary amendments to the By-Laws to provide that the officers elected at the annual meeting shall take office on January 1st of the ensuing year.

President Lamb submitted a proposed public relations program. Following extended discussion, upon motion duly made and seconded, it was voted that the President

be authorized to appoint a committee consisting of nine members to cooperate with him in developing a public relations program for consideration at the May meeting.

Robert L. Benson, Chairman of the Committee on Public Policy, reported that, in accordance with the action taken at the February meeting, letters had been written to the Oregon Delegation in Congress urging them to support S. 2143, revised which provides for a national health agency administered by a national health administrator who would be a doctor of medicine.

4681 W. J. Weese, Chairman of the Committee on Rural Medical Service, made an extensive report of the 2nd Annual Meeting of the National Conference on Rural Health, held on February 7 and 8 in Chicago under the sponsorship of the American Medical Association.

Dr. Weese further reported that the Orgeon State Grange desired the Society to submit a definite plan of prepaid medical care for members of the Grange and their families for presentation at its annual meeting in June.

L. M. Spalding, member of the Board of Directors of the Oregon Physicians' Service, stated that the Oregon Physicians' Service had now had the necessary experience to enable it to offer, on an experimental basis, a prepayment plan for rural groups in areas in which the local medical societies desired it.

Dr. Spalding reported that the Board of Directors of the Oregon Physicians' Service had voted to recommend to the Council that prepaid medical care be extended in a logical and actuarially sound manner to farm groups, individuals, railroad employees and to certain wards of the State of Oregon as outlined in the report of the Legislative Interim Committee. Upon motion duly made and seconded, it was voted that the Board of Directors of the Oregon Physicians' Service be requested to submit this recommendation to the House of Delegates at its mid-year meeting.

Dr. Spalding further reported that the Board of Directors of the Oregon Physicians' Service had voted to recommend to the Council that the currently authorized O. P. S. Family Coverage Service be enlarged to include medical service for hospitalized cases. Upon motion duly made and seconded, it was voted that the Board of Directors of the Oregon Physicians' Service be requested to present this recommendation to the House of Delegates at its mid-year meeting.

Dr. Spalding further reported that, in accordance with the action of the Council at its February meeting, the Board of Directors of the Oregon Physicians' Service had voted that a special committee be appointed by the President, to be composed of three members of the Board, and additional members to be appointed by the President for the purpose of studying the fee schedule situation and to recommend a revised fee schedule for action at the next meeting of the Board.

Charles P. Wilson expressed the opinion that the fee schedule of the Oregon Physicians' Service should be so arranged that no fee is less than the fee provided for the same service in the fee schedules of other agencies and organizations in the State. Upon motion duly made and seconded, it was voted to recommend to the Board of Directors of the Oregon Physicians' Service that in the revised fee schedule now in course of preparation no fee be less than the fee provided for the same service in the fee schedules of other agencies and organizations in the State.

C. L. Booth, Vice-Chairman of the Committee on State Industrial Affairs, reported that the interim committee, consisting of Joe B. Davis, Forrest E. Rieke and himself, representing the Committee, and Wilmer C. Smith, Medical Advisor, and F. I. Brown, Supervisor of the Claims Division, representing the Oregon State Industrial Accident Commission, had reviewed the present Medical Fee Schedule and had reached a tentative agreement on revised fees for most procedures. Dr. Booth outlined the various tentatively agreed upon fees. He then reported that the representatives of the Committee and the Commission were not in agreement with respect to the schedule for X-ray service. He stated that representatives of the Commission had pointed out that the costs of X-ray service had greatly increased in recent years and were disproportionately high in relation to the total costs
4682 of medical and surgical service and that this situation must be corrected by a decrease in the fees. Dr. Booth stated these representatives had suggested a general reduction of 20 per cent in the fees proposed by the Committee, or a substantial reduction in the fees for X-rays in orthopedic cases and the acceptance of the fees proposed by the Committee for other special X-ray studies usually made by radiologists, or the adoption of two X-ray schedules; i. e., a special schedule for radiologists and a lower schedule for all other physicians.

Following extended discussion, it was voted that the revision of the Medical Fee Schedule of the Oregon State Industrial Accident Commission as tentatively agreed upon by representatives of the Committee on State Industrial Affairs and the Commission be approved, and that the Committee on State Industrial Affairs be instructed to seek the continuance of a single schedule for X-ray service and a reasonable adjustment of the existing difference of opinion on fees for this service.

J. V. Straumfjord, Chairman of the Committee on Charges for Life Insurance Examinations, presented a written report. Upon motion made and seconded, it was voted that the report of the Committee on Charges for Life Insurance Examinations be adopted and submitted to the House of Delegates, at its mid-year meeting, as the report of the Council.

Henry Garnjobst, Chairman of the Advisory Committee to the Woman's Auxiliary, reported that the Auxiliary had placed more than 1200 subscriptions to "Hygeia" in the rural schools of the State, under joint financing by the Society and the county public health associations.

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Dr. Kent reported that federal funds were available, through the Oregon State Board of Health, for extramural, refresher courses in obstetrics and pediatrics. Upon motion duly made and seconded, it was voted that the combined Committees on Maternal Welfare and Child Health be authorized to provide extramural, refresher courses in obstetrics and pediatrics, in cooperation with the Oregon State Board of Health, financed by federal funds.

Dr. Kent expressed the opinion that it would be desirable to coordinate all postgraduate education programs in the State. Upon motion duly made and seconded, it was voted that the Committee on Postgraduate Education seek to organize a Joint Committee on Postgraduate Education to include representatives of all the government agencies and voluntary organizations in the State which offer postgraduate education programs with a view to coordinating these programs.

4683 * * * * *

W. W. Baum pointed out the desirability of informing physicians newly-located in the State concerning the activities of the Society, the Oregon Physicians' Service, the University of Oregon Medical School, and other agencies and organizations of interest to physicians. Upon motion

duly made and seconded, it was voted that the Secretary send to each newly-located physician information regarding the activities of the Society, the Oregon Physicians' Service, the University of Oregon Medical School, and other agencies and organizations of interest to physicians.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 373

4684 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

June 2, 1945

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, June 2nd, at 5:30 P. M.

The following members of the Council were present: Edward H. McLean, L. M. Spalding, Burton A. Myers, Thomas S. Saunders, John H. Fitzgibbon, Stanley Lamb, Frank R. Menne, J. V. Straumfjord, C. W. McCain, W. J. Weese, and L. S. Kent.

Morris L. Bridgeman, Gordon B. Leitch, Charles N. Holman, Frank R. Mount, Harold M. Erickson, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of May 5th and to adopt them in the form in which they had been supplied to the members.

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4685 Dr. Spalding, Secretary of the Board of the Oregon Physicians' Service, presented a memorandum from Willard C. Marshall, Manager, outlining the results of a conference held with representatives of the Office of Labor of the War Food Administration with a view to developing a plan by which medical service could be supplied to migrant agricultural workers under the jurisdiction of the Office of Labor through the Oregon Physicians' Service. Dr. Spalding also read an outline of a proposed plan approved by the Board of Directors. Upon motion duly made and seconded, it was voted that the plan of medical service proposed by the Board of Directors of

the Oregon Physicians' Service for migrant agricultural workers under the jurisdiction of the Office of Labor be approved.

4686 • • • • •

Dr. Fitzgibbon outlined recent activities of the Council on Medical Service and Public Relations of the American Medical Association and the National Physicians Committee for the Extension of Medical Service.

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THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 374

4687 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

March 2, 1946

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, March 2nd, at 6:00 P. M.

The following members of the Council were present: L. M. Spalding, Stanley Lamb, James C. Hayes, Burton A. Myers, Thomas S. Saunders, Cecil J. Ross, John H. Fitzgibbon, L. Howard Smith, John P. Cleland, J. V. Straumfjord, Henry Garnjobst, B. R. Shoemaker, E. D. Lamb, C. W. McCain and L. S. Kent.

Gordon B. Leitch, J. Milton Murphy, Carl G. Ashley, D. R. Ross, James B. Haworth and Harold M. Erickson were also present.

Mrs. Henry Garnjobst, President of the Woman's Auxiliary, was also present.

Willard C. Marshall, Kenneth G. Manning and Arthur W. Knox of the Oregon Physicians' Service and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of February 3rd and to adopt them in the form in which they had been previously supplied to the members.

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President Spalding announced a schedule of visitations to the component medical societies during March and asked the Councilors to attend the meetings in their respective districts.

President Spalding called attention to the resignation of Frank R. Mount as Delegate to the American Medical Association and asked whether it was desired to elect his successor at this time. It was informally agreed that the election of the Delegate to the American Medical Association to replace Dr. Mount be referred to the House of Delegates at its mid-year meeting on April 6th and 7th.

* * * * *

4688 Gordon B. Leitch reported on the meeting of the National Conference on Medical Service held in February at Chicago.

Willard C. Marshall, General Manager of the Oregon Physicians' service, reported on the meeting of the Council on Medical Service and Public Relations of the American Medical Association held in February at Chicago.

John H. Fitzgibbon, Trustee of the American Medical Association, reported on the Meeting of the Board of Trustees of the Association held in February at Chicago and the National Health Program and Prepayment Sickness Insurance Plans adopted at that meeting.

Thomas S. Saunders reported on the Annual Conference of Secretaries and Editors of Constituent State Medical Associations held in February at Chicago.

Mr. Marshall outlined the contract entered into with the Veterans' Administration by the Oregon Physicians' Service to provide medical care to veterans in Oregon by private physicians through the Oregon Physicians' Service, as authorized by the Council at its meeting in February.

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Gordon B. Leitch, member of the Committee on the State News Bulletin, reported that it had been decided to discontinue the "Service Bulletin" with the March issue except for the publication of a June number which would provide a roster of Oregon physicians in service and released from service. Dr. Leitch stated that it was planned to experiment with a mimeographed news bulletin.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS, *Secretary*

Plaintiff's Exhibit 375

4689 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

July 12, 1947

The regular monthly meeting of the Council of the Oregon State Medical Society was held on Saturday, July 12th, at 6:00 at the Hotel Benson.

The following members of the Council were present: Stanley Lamb, L. M. Spalding, James C. Hayes, J. E. Buckley, Vern W. Miller, Thomas S. Saunders, Cecil J. Ross, Blair Holcomb, Frank R. Menne, J. Milton Murphy, John P. Cleland, Henry Garnjobst, R. Wayne Esperson, W. J. Weese, L. S. Kent, and Raymond M. McKeown.

W. W. Baum, D. R. Ross and W. H. Chapman were also present.

Mrs. Henry Garnjobst, Willard C. Marshall and T. H. Hammond of the Oregon Physicians' Service, and the executive secretary were also present.

D. M. Shute, Deputy Administrator of Branch Office No. 11 of the Veterans Administration; Charles Langdon, Manager of the Portland Regional Office of the Veterans Administration; L. O. Carey, Chief Medical Officer of the Portland Regional Office of the Veterans Adminstration; and Paul I. Carter, Manager of the Veterans Administration Facility in Portland were also present.

On motion duly made and seconded, it was voted to dispense with the reading of the minutes of June 7th and to adopt them in the form in which they had previously been supplied to the members.

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President Lamb announced appointment of the following committees:

Committee on the Basic Science Law

J. D. Rankin, Coquille, Chairman
George A. Boylston, Portland
Frank R. Menne, Portland

Additional Members of Committee on Medical Education and Hospitals to Study and Submit Recommendations Concerning the Problems of the General Practitioner

R. W. Mangels, Portland
L. P. Lind, Portland

4690 Roger Biswell, Baker
W. H. Chapman, Eugene

Committee to Study and Submit Recommendations Concerning the Oregon Chapter of the National Society for Crippled Children and Adults, Inc.

E. G. Chuinard, Portland, Chairman
Harold M. Erickson, Portland
Wendell H. Hutchens, Portland

Committee to Study the High School Student and Employes Medical and Hospital Benefit Plan of the Oregon High School Activities Association

William A. Shea, Portland, Chairman
Marbin A. Howard, Portland
Eugene P. Owen, Portland

President Lamb announced that the principal purpose of the meeting was to provide an opportunity for a conference of the Council, representatives of the Oregon Physicians' Service, and representatives of the Veterans Administration concerning the difficulties encountered by the Oregon Physicians' Service in carrying out its obligations under the contract with the Veterans Administration because of the lack of cooperation of the Chief Medical Officer of the Portland Regional Office.

President Lamb introduced D. M. Shute, Deputy Administrator of Branch Office No. 11 of the Veterans Administration.

Mr. Shute set forth at length the tremendous task of the Veterans Administration in providing medical care to the 11,000,000 veterans of World War II. He stated that the chief difficulty complained of by the Oregon Physicians' Service was the use of "designated physicians" of the Physicians' Service as provided in the contract. Mr. Shute stated that the Portland Regional Office had failed to inform Dr. L. O. Carey, Chief Medical Officer, of the policy of General Paul R. Hawley, Acting Surgeon General, in this regard and that Dr. Carey had made his own interpretation of the use of "designated physicians".

Mr. Shute stated that "designated physicians" were only to be used when no physician-member of the Oregon Physicians' Service was available and when a veteran requests medical care by a particular physician who is not a physician-member of the Oregon Physicians' Service. He stated

that in all other cases, except when care was given by the Veterans Administration staff, medical service was to be provided by a physician-member of the Oregon Physicians' Service.

4691 Mr. Shute stated that it was unfortunate that the Oregon Physicians' Service did not present its difficulties to Charles Langdon, Manager of the Portland Regional Office. Mr. Shute further stated that the difficulties had not been brought to his personal attention.

Mr. Shute suggested that the practice of channelling authorizations for service and physicians' reports through the Oregon Physicians' Service be continued, but that the Portland Regional Office be permitted the privilege of communicating directly with the physician-members of the Oregon Physicians' Service on purely professional questions arising in the course of examinations. It was informally agreed that this suggestion be approved.

Mr. Shute stated that he had complete confidence that Dr. Carey would carry out the spirit and the letter of the program provided for in the contract with the Oregon Physicians' Service.

John H. Fitzgibbon introduced E. J. McCormick of Toledo, Ohio, member of the Board of Trustees and the Council on Medical Service of the American Medical Association. Dr. McCormick spoke briefly on the principles that should underlie the relations between the Veterans Administration and the medical profession.

Upon motion duly made and seconded, it was voted that appreciation be expressed to Major General Paul R. Hawley, Acting Surgeon General of the Veterans Administration, for his action in directing that investigation be made of the difficulties encountered by the Oregon Physicians' Service in carrying out its obligations under its contract with the Veterans Administration, that thanks be expressed to the representatives of the Veterans Administration for their offer of cooperation, and that the action of February 1, 1947 in adopting the recommendation of the Board of Directors of the Oregon Physicians' Service that action be taken to effect a change in the personnel of the Veterans Administration Chief Medical Officer's department in this district, be rescinded.

L. M. Spalding, member of the Board of Directors of the Oregon Physicians' Service, reported that a revised fee schedule was completed except for a few items.

Dr. Spalding stated that it was desirable that a written agreement between the Society and the Oregon Physicians'

Service be made, setting forth the relations between the members of the Society and the Oregon Physicians' Service, whose relations are not defined in existing or subsequent agreements between component county or district medical societies and the Oregon Physicians' Service. At the request of Dr. Spalding, Willard C. Marshall, General Manager of the Oregon Physicians' Service, read a proposed agreement and explained its provisions.

Upon motion duly made and seconded, it was voted that this agreement be approved and that the President and Secretary be authorized to sign this agreement in behalf of the Society.

4692 * * * * * *

President Lamb introduced W. H. Chapman, President of the Lane County Medical Society. Dr. Chapman expressed the opinion that his attendance had enabled him to obtain a better understanding of the problems presented to the Council.

Henry Garnjobst suggested that the proceedings of the Council be sent to the presidents and secretaries of the component societies. It was informally agreed that this suggestion be adopted.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 376

4693 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

November 8, 1947

The regular monthly meeting of the Council of the Oregon State Medical Society was held on Saturday, November 8th, at 6:00 P. M., in the Rose Room at the Hotel Benson.

The following members of the Council were present: James C. Hayes, Stanley Lamb, J. E. Buckley, Max W. Hemingway, J. E. Campbell, Blair Holcomb, J. Milton Murphy, John P. Cleland, J. W. Straumfjord, Henry Garnjobst, M. E. Corthell, R. Wayne Esperson, C. W. McCain, W. J. Wease, C. Louise Clancy, Charles W. Holman, and Edward H. McLean.

Gordon B. Leitch, Harold M. Erickson, S. F. Crynes, S. B. Osgood, Gussie A. Niles, and C. L. Kaufman were also present.

Vice-Admiral Ross T. McIntire, USN (Ret.); Director of the Block Donor Service of the American National Red Cross; Asa A. Burnes, Director of the Blood Donor Service of the American National Red Cross for the Pacific Area; Arnold W. Groth, Chairman of the Portland-Multnomah County Chapter of the American National Red Cross, and Harold Berentson, Manager of the Portland-Multnomah County Chapter of the American National Red Cross; were also present.

The executive secretary was also present.

In the absence of Werner E. Zeller, Secretary, Stanley Lamb was appointed Secretary-Pro-Tem.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of October 4th and to adopt them in the form in which they had been previously supplied to the members.

President Hayes announced that the Jackson County Medical Society had voted to invite the Oregon State Medical Society to hold its 1948 Session in Medford during the third week of September. Upon motion duly made and seconded, it was voted that this invitation be accepted.

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4695 President Hayes introduced C. Louise Clancy, newly-elected Councilor-at-Large; Gussie A. Niles, Secretary of the Marion-Polk County Medical Society; S. B. Osgood, Secretary of the Josephine County Medical Society; and C. L. Kaufman, Secretary of the Washington County Medical Society.

A letter from Clarence A. Smith, Editor of "Northwest Medicine", was read. In the letter, Dr. Smith reported that the increased cost of publication made it necessary to increase the subscription price of "Northwest Medicine" from $2.00 to $3.00, effective in January 1948. President Hayes referred to the action of the House of Delegates at its 1947 Session in authorizing the Council to approve such an increase if and when it became necessary. Upon motion duly made and seconded, it was voted that the increase in the subscription price of "Northwest Medicine" from $2.00 to $3.00 be approved.

4696 A letter from Carl M. Peterson, Secretary of the Council on Industrial Health of the American Asso-

ciation, was read. In the letter, Dr. Peterson called attention to the Eighth Annual Congress on Industrial Health to be held in Cleveland on January 5-6, just prior to the Interim Meeting of the American Medical Association on January 7-8, and asked that a representative be designated to attend the Congress. President Hayes pointed out that Edward H. McLean, Delegate, and Karl H. Martzloff, Alternate Delegate, would attend the Interim Meeting of the House of Delegates. Upon motion duly made and seconded, it was voted that Edward H. McLean be designated as the representative of the Society and Karl H. Martzloff, as alternate representative, at the Eighth Annual Congress on Industrial Health.

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4698 * * * * *

In the absence of Robert L. Benson, Chairman of the Committee on Public Policy, Gordon B. Leitch, member of the Committee, reported on the speaking trip of Majorie Shearon, Ph. D., Research Analyst, of Washington, D.C. He stated that immediately following the October meeting, at which it was concluded that it would not be feasible for the Society to undertake to arrange a series of meetings for Dr. Shearon at this time, a letter was received from her in which she indicated that she would be willing to undertake a speaking tour on the basis of a single honorarium of $100.00 plus traveling expenses. Dr. Leitch stated that, following consultation with numerous members of the Council, it was decided to arrange a series of meetings under the joint sponsorship of the Oregon State Education of Professional Societies and the Oregon State Committee of the Insurance Economics Society of America. He stated that Dr. Shearon spoke on several phases of socialization before Portland, Salem, Eugene, Corvallis, Astoria, and Bend, before a total of approximately 1600 people, as well as participating in three radio interviews over stations in Eugene and Corvallis.

Dr. Leitch reported that the expense incurred by the Committee in connection with Dr. Shearon's speaking tour was $546.42. Upon motion duly made and seconded, it was voted that payment of the expense in the amount of $546.42 incurred by the Committee on Public Policy in connection with the speaking tour of Majorie Shearon, Ph. D., be approved.

Dr. Leitch submitted the following recommendations to stimulate subscriptions to the Shearon Medical Legislative Service:

1. That a letter be sent to each member urging him to subcribe.
2. That a letter be sent to the President of each state medical association recommending that he endeavor to induce his association to subscribe on an annual "sustaining" basis of $500.00.
3. That a letter be sent to each prepayment medical care plan approved by the Council on Medical Service of the American Medical Association urging it to subscribe on an annual "sustaining" basis of $500.00

Upon motion duly made and seconded, it was voted that these recommendations be adopted.

Plaintiff's Exhibit 377

4701 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

December 6, 1947

The regular monthly meeting of the Council of the Oregon State Medical Society was held on Saturday, December 6th, at 6:30 P.M., at the Osburn Hotel in Eugene.

The following members of the Council were present: James C. Hayes, Stanley Lamb, Leslie S. Kent, J. E. Buckley, J. E. Campbell, Werner E. Zeller, J. Milton Murphy, J. V. Straumfjord, Henry Garnjobst, M. E. Corthell, R. Wayne Esperson, Charles N. Holman, Edward H. McLean, and Raymond McKeown.

Gordon B. Leitch, Ralph E. Purvine, S. F. Crynes, Frank B. Queen, and Maurice D. Vest were also present.

Glenn S. Morgan, Elsworth L. Gardner, L. A. White, Carl H. Phetteplace, Emil D. Furrer, and S. J. Hoffman of Eugene, members of the Lane County Medical Society, were also present.

Mrs. Burton A. Myers and Mrs. Henry Garnjobst were also present.

Sheldon Dray, Margaret L. Fincke, and Clara A. Sfervick were also present.

The Executive Secretary and the Associate Executive Secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of November

8th, and to adopt them in the form in which they had been previously supplied to the members.

* * * * *

4702 Dr. Fincke introduced Clara A. Stervick, Associate Professor of Foods and Nutrition in the School of Home Economics of Oregon State College and supervisor of the nutrition study. Dr. Stervick outlined the purpose of the study and the methods of investigation to be used.

Dr. Fincke introduced Sheldon Dray, Assistant Surgeon to the U. S. Public Health Service, who had been assigned to assist in the medical aspects of the study. Dr. Dray discussed the medical phases of the study.

Upon motion duly made and seconded, it was voted that a copy of the Project of the Western Region Cooperative Research Group in Food and Nutrition be supplied to the Committee on Public Relations and that the Committee be requested to submit recommendations at the January meeting concerning the appointment of a member of the Society to an advisory committee to assist in the Oregon part of the project.

President Hayes called attention to the action taken at the November meeting authorizing him to appoint a committee to study the blood program of the American National Red Cross and to submit recommendations at the December meeting. Dr. Hayes stated that he had appointed the following Committee: Edward H. McLean, Oregon City, Chairman; A. O. Pitman, Hillboro, F. K. Power, Salem, S. F. Crynes, Portland, and Bernard P. Harpole, Portland.

The following report of the Committee was read:

> Your Committee recommends that the Oregon State Medical Society and its component medical societies extend their cooperation to the American National Red Cross and other responsible voluntary agencies, in the establishment of regional central blood banks where needed, subject to the observance of the following policies:
>
> 1. That the functions of the voluntary agency shall be:
>
> (a) The procurement of volunteer donors.
>
> (b) The provisions of physical facilities and necessary professional and non-professional per-

sonnel for the operation of the blood bank and the distribution of blood and blood fractions.

2. That the functions of the county medical society shall be:

(a) The direct supervision of the blood bank and the control of the blood products including the selection of donors, the drawing of the blood, the determination of technical methods of typing, exclusion of infectious diseases, processing, and preservation, and the investigation of complaints and reactions, these functions to be carried out through a Technical Supervisory Committee of five members, including two patholigists, an internist, and a general physician, and a Technical Director who shall be selected by the Committee, with the approval of the Governing Board of the cooperating voluntary agency, and who shall be directly responsible to the Committee.

4703

(b) The review of all publicity relating to the blood bank in order to ensure its conformity to professional standards, this function to be carried out by the Technical Supervisory Committee.

Respectfully submitted,

EDWARD H. MCLEAN, Chairman
A. O. PITMAN
F. K. POWER
S. F. CRYNES
BERNARD P. HARPOLE

Upon motion duly made and seconded, it was voted that this report and the recommendations contained therein be adopted.

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Werner E. Zeller, representative of the Society at the Conference on Veterans Administrative Home-Town Medical Care held on November 6, 1947 at Chicago under the sponsorship of the American Medical Association, reported on the deliberations of this conference. Upon motion duly made and seconded, it was voted that Dr. Zeller's report be published.

Mrs. Burton A. Myers, President of the Woman's Auxiliary, reported on the Fourth Annual Conference of State Presidents and Presidents-Elect and National Chairman of Standing Committees held on November 6–7, 1947 at Chicago. Mrs. Myers also reported that an Auxiliary to the Yamhill County Medical Society had been organized and that it was hoped that several other local auxiliaries would shortly be established.

Stanley Lamb, Chairman of the Committee on Public Relations, reported on recent activities of the Committee. He stated that the Committee was studying a plan to offer a weekly health column to the newspapers of the State and the possibility of providing exhibits at the Oregon State Fair and the County fairs. Dr. Lamb reported that visitations had been made to nine of the component societies and
and that three additional visitations had been sched-
4704 uled during the remainder of December.

* * * * *

4705 A letter from P. S. Crockett, Chairman of the Committee on Rural Medical Service of the American Medical Association, was read. In the letter, Dr. Crockett invited the Society to send a representative to the Third Annual Meeting of the National Conference on Rural Health to be held on February 6–7, 1948 at Chicago under the sponsorship of the American Medical Association, the American Academy of Pediatrics, and representative organizations. Upon motion duly made and seconded, it was voted that this institution be declined because of budgetary limitations.

A letter from W. H. Tibbals, Executive Secretary of the Utah State Medical Association, and an accompanying resolution relating to the practice of medicine by hospitals adopted by the Council of that Association were read. In the letter, Mr. Tibbals stated that this resolution was to be presented to the House of Delegates of the American Medical Association at its Interim Session on January 5–6, 1948 at Cleveland, and conveyed the request of the Council of the Utah State Medical Association that the Society instruct its Delegates to the American Medical Association to support this resolution which read as follows:

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, The practice of radiology, pathology and anesthesiology is recognized by the American Medical Association as the practice of medicine; and

WHEREAS, Lending hospital organizations of the United States have recognized this fact; and

WHEREAS, There is a tendency on the part of certain hospital administrators to utilize the profits resulting from the operation of these departments in their institutions; and

WHEREAS, This constitutes exploitation of professional medical services; and

WHEREAS, This is contrary to medical ethics;

THEREFORE BE IT RESOLVED, it is the sense of the Council that this practice should be condemned; and

BE IT FURTHER RESOLVED, that the Council of the Utah State Medical Association urge the House of Delegates of the American Medical Association to instruct the Board of Trustees of the American Medical Association to direct the Council on Medical Education and Hospitals to refuse approval for training of residents and interns, of any hospital exploiting professional medical services.

Upon motion duly made and seconded, it was voted that the Delegates to the American Medical Association be instructed to support this resolution.

4707 • • • • •

A letter from Willard C. Marshall, General Manager of the Oregon Physicians' Service, and an accompanying copy of a letter to the Oregon Physicians' Service from Senator Wayne Morse, were read. In his letter, Senator Morse requested information concerning the new individual and family plans of the Oregon Physicians' Service. In his letter, Mr. Marshall indicated that the desired information had been immediately forwarded to Senator Morse.

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Plaintiff's Exhibit 378

4709 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

The regular monthly meeting of the Council of the Oregon State Medical Society was held on Saturday, August 2, 1947, at 6:00 P.M. at the Hotel Benson.

The following members of the Council were present: Stanley Lamb, L. M. Spalding, J. E. Buckley, Thomas S. Saunders, Cecil J. Ross, Charles P. Wilson, J. Milton Murphy, John P. Cleland, R. Wayne Esperson, C. W. McCain, L. S. Kent, and John H. Fitzgibbon.

W. W. Baum, Robert L. Benson, Harold M. Erickson, Williard J. Stone, E. G. Chuinard, William A. Shea, Gordon B. Leitch, C. I. Drummond, Dan P. Trullinger, Merle H. Swanson, and Roswell S. Waltz were also present.

Mrs. Burton A. Myers and the executive secretary were also present.

On motion duly made and seconded, it was voted to dispense with the reading of the minutes of July 12th and to adoption in the form in which they had been previously supplied to the members.

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4711 • • • • •

E. G. Chuinard, Chairman of the Committee to Study and Submit Recommendations Concerning the Oregon Chapter of the National Society for Crippled Children and Adults, Inc., outlined the policies and programs of that organization and reported that the Committee had concluded to recommend that the Society establish working relations with it. Upon motion duly made and seconded, it was voted that the President be authorized to appoint a Committee on Crippling Diseases and Defects to consist of three members to serve as a liaison agency between this Society and official agencies and voluntary organizations interested in this field.

• • • • •

Robert L. Benson, Chairman of the Committee on Public Policy, outlined recent developments in connection with health legislation before Congress. Dr. Benson praised the value of the information supplied by the Shearon Medical Legislative Service and recommended that the Committee be authorized to subscribe to the service. Upon motion duly made and seconded, it was voted to authorize the Committee on Public Policy to arrange for an "Organization" subscription of $200.00 to the Shearon Medical Legislative Service for the year beginning July 1, 1947.

4713 Gordon B. Leitch, Secretary-Treasurer of the Oregon Physicians Committee for the Extension of Medical Service; reported that Edward F. Stegen, Associate Administrator of the National Physicians Committee,

would be available to speak at the 1947 Session. Upon motion duly made and seconded, it was voted that Edward F. Stegen, Associate Administrator of the National Physicians Committee, be invited to address the House of Delegates at the 1947 Session.

John Fitzgibbon, Trustee of the American Medical Association, presented a brief report of the Centennial Meeting at Atlantic City. Dr. Fitzgibbon particularly called attention to the action of the House of Delegates in providing for a midyear meeting of the House and a scientific session on general practice to be held annually in different cities in various sections of the entire country.

* * * * *

President Lamb introduced Dan P. Trullinger, President of the Clackamas County Medical Society, Merle H. Swanson, President of the Klamath County Medical Society, and Roswell S. Waltz, President of the Washington County Medical Society. Each spoke briefly expressing appreciation of the opportunity of attending the meeting and of learning of the activities of the Council for the information of their members.

* * * * *

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 379

4715 McKINSEY & COMPANY
Management Consultants
New York—Boston
Chicago—San Francisco

Russ Building
235 Montgomery Street
San Francisco 4, Cal.

October 31, 1947

Mr. W. C. Marshall
General Manager
Oregon Physicians' Service
Portland, Oregon

Dear Sir:

This report summarizes the findings, conclusions and recommendations growing out of our study of O. P. S. ac-

tivities. Early in that study it became clear that we would be most helpful if we could determine:

1. Whether present O. P. S. policies as applied to subscriber groups and doctors are in accord with the over-all objectives of the plan.

2. Whether the present plan of organization is adequate to handle current volume of business and probable future needs and whether that plan of organization meets the tests of sound and generally accepted business practices.

While this report is directed to your attention, we believe that many of our recommendations must of necessity be acted upon by the Board of Directors. Still other recommendations should be directed to the State Medical Society for their review and attention. Many of our recommendations that can be enacted by you require prior policy approval by the State Medical Society.

In our appraisal of your activities we were not so much concerned about the methods and procedures that were being used as we were with the objectives, policies and organization of O. P. S. We recognize that before you can decide how best to perform any single activity you first must decide whether you want to undertake that activity at all. Consequently, this report places greater emphasis on the answers to basic policy questions than on the details of individual applications of these policies.

4716 We believe that basic objectives, while clearly stated in the corporate By-Laws, are not rigidly followed. In many cases this is probably due to circumstance rather than intent. In either case, O. P. S. policies need greater clarification to bring them in line with the essential objectives of the enterprise. We believe this represents your greatest opportunity for improvement. We have found other attractive opportunities for improvement in more effective administration and more efficient operations.

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In interviewing your various executives we found them extremely helpful in supplying information and in offering suggestions. We wish to express our appreciation for the excellent cooperation extended to us. It did much to expedite our work.

Respectfully submitted,

McKinsey & Company

4717 RECOMMENDED
POLICY AND ORGANIZATION CHANGES
FOR
OREGON PHYSICIANS' SERVICE

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4718 RECOMMENDED
POLICY AND ORGANIZATION CHANGES
FOR
OREGON PHYSICIANS' SERVICE

I—OPPORTUNITIES FOR IMPROVEMENT

As a result of our study of the operations of O. P. S. and with the background of our experience in similar enterprises, we believe that there are several important opportunities for improvement. Specifically, these opportunities appear most attractive to us:

1. *The opportunity to provide for more effective policy determination:* We found a number of instances where policies did not agree with or support the objectives of

O. P. S. We also found an organization structure within which policy determination was difficult and complicated.

2. *The opportunity for more effective administration*: We found that certain important activities were not adequately recognized or provided for in the organization plan. In other cases complexities in the organization structure handicapped executives charged with the responsibility for administration.

3. *The opportunity for more efficient operations*: We found the decentralization of many accounting and other office activities that could not benefit from decentralization to be costly.

In this section of the report we intend to discuss the nature and background of each of these opportunities and to suggest ways and means of securing improvement.

MORE EFFECTIVE POLICY DETERMINATION

The extent of this opportunity can be seen most clearly in a consideration of the objectives of O. P. S. and the problems arising from the present division of responsibility for policy formulation.

O. P. S. Objectives

The articles of incorporation of O. P. S. define as its objectives the "contracting with individuals, families, groups and others to furnish medicine, medical and surgical treatment, nursing and hospital care . . . . contingent upon sickness, accident, or death."

4719 In addition, "this corporation is organized under the stock corporation laws, and is designed to *operate without a profit* and utilize its receipts for the purpose of providing medical and related services and supplies to contractors."

These objectives as stated are broad enough to cover the entire field of medical services. They can, if rigidly adhered to, meet the thrusts of various pressure groups which directly or indirectly are attempting to institute some measure of control over the free practice of medicine within the state. The success of any medical service plan can be measured by its ability to meet its objectives.

Within the Oregon medical fraternity more than in almost any other state there is a question of local autonomy. This desire on the part of local doctors to retain some

measure of control over the operations of a medical service plan is responsible for the four separate county medical service bureaus outside of O. P. S. It is also largely responsible for the local controls presently exercised over O. P. S. operations in certain counties of the state.

Local control probably provided excellent advantages to both the subscriber and the doctor in the formative stages of medical service plans. With a greater public understanding of such plans, the greater use of specialists, a considerable growth in population, ready access to transportation, and interchange of ideas between communities, it is extremely doubtful if local control is any longer desirable. We believe it is a definite handicap to achieving the objectives of O. P. S.

Controls on the practice of medicine have always been considered a prerogative of the state level of government, although it has been logically argued that control belongs at the national level. Certainly there is at present considerable interest in and threat of control emanating from Washington, D. C. Much of this stems from the social security programs sponsored by the national government during the last 15 years.

4720 Thus the medical profession is constantly confronted with the possibility of some form of socialized medicine either on a state or national level. Whether the profession can successfully overcome the forces agitating for socialization of medicine will ultimately be decided by the public. And whether the public will support the profession depends largely on how intelligently doctors meet the conditions they now face.

Oregon Physicians' Service constitutes the best effort of the medical profession to justify public support in Oregon. To be most effective in this effort, it must present a statewide uniform program in dealing with problems of administering a medical service plan. Thus the whole profession must be on the lookout for any unsound act that can be seized upon and magnified by a political, union or some other pressure group to the detriment of the entire medical profession. This makes it extremely important that uniform policies be adopted and administered by O. P. S. throughout the state. This objective requires willingness on the part of the medical profession to cooperate for the advancement of medical service as well as adherence to statewide policy application in its administration.

POLICY FORMULATION

Sound business practice dictates that policy formulation should rest with a single body. Such a body should be composed of qualified individuals who can bring to bear enough experience and judgment to chart a course of action that will meet the objectives of the company. This group should have full responsibility at the policy-making level—and authority commensurate with that responsibility.

This practice is not being followed by Oregon Physicians' Service. Exhibit I shows in chart form the relationships of the major policy-making groups. This exhibit shows that the Board of Directors is responsible for initiating major policy decisions, *but* these may only be placed in operation with the approval of the local supervisory councils of the county or district medical societies. Thus responsibility and authority have been divided.

In actual practice this places a serious handicap on the attainment of the O. P. S. objectives and is a potentially dangerous method of operation. Local pride, ambition or carelessness may commit one of the local councils
4721 to a policy that would reflect to considerable disadvantage not only on the county medical society but on the state medical society as well. Present differences in policy have created situations of this caliber which if known could be fully exploited by an unfriendly group to the detriment of the entire medical profession in the State of Oregon.

Some of the major policy questions that are decided locally and which may or may not be in accord with the policy as dictated by the Board of Directors of O. P. S. are these:

1. *Type of coverage offered by O. P. S.*: At present, individual coverage is being offered to employed individuals. This coverage, however, is not being offered in all counties of the state because this arrangement must first be approved by the county supervisory council.

The family coverage contracts were offered for over a year before they were accepted by some county groups.

This delay between the time the Board approves a policy and the time it is ultimately accepted by the supervisory council seems to be most unnecessary. We believe that such a policy decision resides rightly with and only with the Board of Directors.

2. *Cost to subscribers*: Periodically a policy question arises as to whether rates to subscribers should be higher

in one county than another. So far, enough pressure has been exerted to prevent one county group from setting rates different than another. However, county agreements in effect between O. P. S. and the supervisory councils could be used to achieve a different result. Here again we believe the setting of this policy to be a prerogative of the Board of Directors.

3. *Fee Schedules*: The success of any medical service plan is contingent upon the use of a uniform fee schedule for "specific" services. Yet a question is raised periodically about modifying the fees paid the doctor based on location, kinds of service, or other variables. At present a question about the doctor's fee for the initial visit has been raised by the Multnomah County Council. In Jackson County, fees paid doctors for physical examination and eye treatments are arbitrarily set below the fee schedule.

4722 We believe that a uniform fee schedule is basic with any medical service plan. It must be uniformly applied in the payments to all participatory physicians for professional service. Consequently the policy covering the application of fee schedules to the servic plan should be administered by only one group—the Board of Directors.

4. *Claims policies*: The present controls exercised by the various offices of O. P. S. and the supervisory committees over claims handling does not result in a uniform claims policy throughout the state.

For example, the claims policy in effect in Jackson County (handled through the O. P. S. Medford office) is extremely conservative, while the state pool handled through the Salem office appears to have a more liberal claims policy.

We seriously question the value or wisdom of such a variation in the administration of this important policy. Too much is at stake in constructive public relations—with subscribers, labor organizations and other employe groups, employers, the press and the public.

5. *Financial returns to doctors*: Jackson County through a rigid control of claims is able to pay the doctors within the county 200 percent of the fee schedule. This is one of those potentially explosive situations that will arise whenever the true objectives of a medical service plan are obscured and statewide interests are considered secondary to those of any local unit.

In a medical service plan there are three possible methods of disposing of any excess of money received over fixed liabilities, as follows:

(a) An expansion of service benefits to subscribers.

(b) A reduction in rates charged to subscribers

(c) A disproportionate increase in fees paid to doctors, hospitals, etc.

Either of the first two conforms with the objectives of O. P. S. The latter may not.

4723 Recommended Policy-making Organization

We have projected in Exhibit II a recommended organization relationship for policy-making groups in O. P. S. In this respect we have recognized the trend toward centralized policy-making authority in medical service plans, the potential dangers in the present arrangement, and the soundness of generally accepted business practice.

The organization relationship outlined in Exhibit II specifically provides that:

1. The Board of Directors shall have full and final responsibility and commensurate authority for all policy making in O. P. S. They alone would decide the extent of the coverage and application of each of the previously enumerated basic policies.

2. Policies as laid out by the Board would be applied uniformly throughout the area served by O. P. S.

3. Supervisory councils would act only in an advisory capacity in policy making. In this connection they would:

(a) Suggest to the Board of Directors certain policy questions and the need of modification of present policies.

(b) Assist O. P. S. in the handling of problems arising with doctors from the application of these policies.

Enlarging on the authority of the Board of Directors and restricting the present authority of the supervisory councils would permit the easier attainment of the true objectives of O. P. S.

MORE EFFECTIVE ADMINISTRATION

The O. P. S. organization has grown considerably since its inception in 1941. Now with increased emphasis being placed on sales, adequate provision must be made for the servicing of a greatly expanded business. If during the coming year the number of subscribers increases to 100,000 or 125,000 (and this is quite probable), the O. P. S. organization must be set up to provide the necessary service for this expanded operation. All of this emphasizes the need for more effective administration.

Exhibit III outlines the present plan of organization. We have shown the present lines of authority, the number of personnel involved in each operation, and pertinent job responsibilities.

4724 In Exhibit IV we have taken the same plan of organization and indicated a number of suggestions which we believe will eliminate many of the weaknesses which exist in the present plan. Many of these suggestions, of course, are contingent upon the acceptance of our recommendations referred to under basic O. P. S. policies. Some of these suggestions primarily have to do with more effective administration and will be considered now. Others have to do with the efficiency of operations and will be considered later.

Exhibit V shows the proposed plan of organization with all the suggestions shown on Exhibit IV incorporated and with certain additional suggestions which we feel will also make for better administration. We are confident that this plan will provide an organization structure that will enable O. P. S. to operate in a much more effective manner. Specifically, we propose the following organization changes to improve administration:

1. An expanded Board of Directors to provide additional viewpoints.

2. The establishment of the position of Medical Director with line responsibility for professional relationships and functional responsibility for claims handling.

3. The establishment of the position of Assistant General Manager to provide continuous on-the-ground supervision in Portland.

4. Strengthening of the sales and promotional organization to implement the sales program described in Section II of this report.

5. The segregation of office work and record keeping and related activities under the supervision of an Office Manager.

In Section III of this report we have described these and other organization changes in greater detail.

In addition to the above organization changes, we believe the administration of the enterprise would be made more effective by the introduction of the following:

1. An executive compensation plan that would reward management directly for demonstrated achievement. This arrangement provides a specific incentive for good management.

4725 2. A program to accumulate pertinent statistical and actuarial data. Material of this type is essential to effecti administration.

3. An annual audit by a recognized firm of accountants. This procedure provides one important review of the effectiveness of management.

Each proposal is described herewith.

EXECUTIVE COMPENSATION PLAN

In an organization such as O. P. S. there is a direct relationship between sales volume, claims volume and administrative details. Any increase in sales results in an increase in claims handled and bills rendered monthly, so that it is logical to relate an executive compensation plan to the sales activities of the company.

The detailed development of an executive compensation plan was outside the scope of our engagement, so our observations must be general. We would suggest that the following comments be used only as a guide to setting up an executive compen. ation plan.

Obviously the compensation plan should include a base salary plus a bonus or incentive for achievement. In O. P. S. a bonus or incentive based on profit is not possible simply by definition. Furthermore, as in most cases, the measure of success of this management includes many intangibles.

We believe that an incentive arrangement should—at least at the outset—be as simple as possible and yet effective. In view of this background, we suggest that O. P. S. executives share in a bonus fund that is accumulated on the basis of membership growth.

For example, the accumulation can be based on a flat rate for all net subscriber gains. That is, "x" number of cents should be set aside for each additional subscriber over and above the membership at the beginning of the period. Thus a fund of "x" dollars will represent—at least in part—the ratio of increased responsibilities that each executive must exercise in operating during the bonus period.

The bonus fund should then be distributed to the participating executives on the basis of the performance of each during the bonus period (probably six months). This makes it necessary to establish some criteria by
4726 which executive performance can be measured. This measurement can be done in a very informal manner, simply weighing one man's performance against another, or it can be formalized by development of as much information as possible regarding the individual's performance and using a series of factors by which to measure individual performance.

For either method that is used it is advisable to have a committee make the comparison and measure executive performance. We would suggest that such a committee be composed of the General Manager and two members of the Board of Directors.

In this type of plan base salaries should be reviewed and readjusted at the end of each bonus period to recognize the increased responsibility that has gone into each management position during the growth period.

STATISTICAL AND ACTUARIAL DATA

We believe that greater attention should be paid to securing more statistical and actuarial data relative to the operations of O. P. S. These data if properly used would provide a factual answer to some of the problems with which management must contend.

Expansion of the coverage offered subscribers and inclusion of new groups make it imperative that management be fully aware of the risks involved in each policy change. Such data as cost per subscriber for each kind of service offered developed by pool or county would be of definite value to O. P. S.

Material of this type is either not available or not used at present.

YEARLY AUDIT

Common business practice requires an independent outside audit, usually at the close of each fiscal year. In reviewing the minutes of the Board of Directors' meetings and looking at the bylaws of the corporation, we find that this arrangement has never been provided.

We strongly recommend that a firm of outside auditors be engaged to render a report once a year to the Board of Directors. We believe this will avoid such difficulty as was experienced by O. P. S. when the State Department of Insurance reviewed the operations. Competent auditors could also offer advice regarding the maintenance of the reserve that was set up at that time. This auditing firm should from time to time make constructive suggestions about accounting procedures—and thereby save O. P. S. a part of the cost of the service.

4727

We further suggest that the auditors be selected by the Board and be responsible to the Board. Often a generally recognized firm is the most satisfactory.

MORE EFFICIENT OPERATIONS

The three offices now operated by O. P. S. at Salem, Medford and Portland should be merged into one operation in Portland insofar as accounting, claims and administrative details are concerned. Salem and Medford would be retained only as sales offices. All of these operating advantages would accrue from such a change:

1. Uniform application of policy to subscriber groups and consistent handling of claims would be easier to achieve.

2. Duplicate operations would be eliminated.

3. Better control of methods and procedures could be developed.

4. The consolidation should save from 8 to 10 clerical positions or $20,000 to $25,000 in administrative expense annually. In Section III we have detailed the changes that will provide these savings.

We feel that additional advantages would appear from a more detailed study of this proposal than we were able to give it during our current engagement. However, the above is, in our opinion, sufficient evidence to clearly justify the move. Consequently, the proposed organization

plan (Exhibit V) shows the O. P. S. organization based on the consolidation of the present three offices.

II—A MORE EFFECTIVE SALES PROGRAM

Essentials of the Program

The top management of O. P. S. has recently decided on a more intensive sales program. This step has the approval of the Board of Directors and the support of participating doctors. A program that will achieve this objective should, in our opinion, include the following essential steps:

1. Clarification of the responsibility for sales activities and a redefinition of the responsibility of sales representatives to permit them to concentrate on sales to new groups and service to present policy holders. This organization change is provided in Exhibit V and described in more detail in Section III.

2. Determination of sales objectives and goals in terms of sales budgets by territories and men.

3. Clarification of sales territories to provide reasonable and relatively comparable potentials, to eliminate overlapping and to be sure that each man understands his geographical responsibility.

4. More intensive training and supervision of salesmen to be sure that they are well equipped to represent O. P. S. and that they understand the program and the specific job that each has to do in the territory to which he is assigned.

5. Operation of effective sales and service offices in outlying territories. We believe that Salem and Medford should continue as sales offices even after accounting and record-keeping activities have been consolidated in Portland. We also believe that a sales office should be opened in Pendleton and perhaps ultimately in some other outlying territories when the need is clear.

6. Development of the promotional aspects of the sales job. We believe that there are a number of excellent opportunities that are being overlooked to increase the good will of O. P. S. and to secure new subscribers with very little effort. While we did not attempt to explore promo-

tion possibilities in detail, we did observe the following opportunities which we believe deserve mention:

4729 (a) In the Claims Department the subscriber is notified whenever the claims liability cannot be assumed by O. P. S. Yet when the liability *is* assumed by O. P. S., no notice goes to the subscriber. We believe this misses an excellent opportunity to build good will and incidentally to promote the family and individual coverage plans.

(b) With the family coverage program and the new individual coverage program just getting started, case history files and present pay office accounts could be used to good advantage for a direct mailing campaign.

7. Development and installation of a plan of incentive sales compensation. Because of present interest we are broadly outlining herewith a possible plan of this type.

INCENTIVE COMPENSATION PLAN FOR SALESMEN

We understand that the principles of an incentive compensation plan have been approved by the Board of Directors and that it is generally agreed within the organization that some such plan will be installed.

Although the development of a detailed compensation plan is beyond the scope of our present engagement, we can here outline the essential features of such a plan—and work out the details in the future at your request.

We believe that the time is right for installing an incentive compensation plan. The medical profession seems to understand the need to expand the sales efforts of the company. The family and individual coverage programs approved in whole or in part indicate that there is an excellent opportunity to increase the subscriber membership of O. P. S. substantially. That this opportunity is being taken advantage of so slowly indicates the need for adequate sales incentive on the part of your sales force.

To operate effectively, an incentive plan must be carefully planned. This planning must be based on a complete knowledge of the company's sales opportunities and activities.

The initial step, previously mentioned in this section, is to define the sales objectives of the company. This logically leads to the preparation of the sales budgets already

mentioned. These budgets must relate to sales territories of known and reasonable potentials.

4730 After these initial planning stages are completed, management is in a better position to establish a basis for incentive pay.

An effective plan of incentive compensation should meet these standards:

1. A fair return should be provided to the salesman for effort and accomplishment.

2. The plan should stimulate a maximum volume of desirable business.

3. Above average compensation should be provided for above average effort.

4. Sales controls should be encouraged and logically combined with the plan.

5. The plan should be so flexible that it will provide adequately for a wide range of circumstances and, at the same time, give the management ample opportunity to direct the efforts of salesmen. In other words, the plan should assist sales supervision.

6. The cost to the company should be reasonable and competitive.

7. The plan should be based primarily on factors over which the salesman exercises substantial control.

8. Results should be easy to calculate and subject to recalculation by the participant.

9. The cost of additional sales should be at a declining average rate.

10. The financial arrangement should meet the requirements of the salesman in such a way that he can concentrate his time and interest on the sales program.

At this point we want to emphasize the fact that no incentive plan will achieve maximum effectiveness if it becomes static. A sound plan has included in it a degree of flexibility that not only permits but encourages the management to refine and adjust the plan in accordance with changes in circumstances and the needs of the over-all sales program.

There is a wide variety of types of plans that might be used in your operation. They range all the way from

straight commissions for new subscribers to a flat salary adjusted for specific achievement.

4731 It is our present opinion that the plan that you would find most effective at this time would probably combine a guaranteed monthly salary with a periodic bonus for new business. Ultimately you will probably want to have an incentive to encourage good service, but this refinement should probably not be included in your initial plan, which should be as simple as possible. During the trial period of the incentive plan you should be able to maintain adequate service by asking the salesmen to report the details of their service calls.

Specifically you might use a plan that provides the following compensation combination:

1. A monthly salary at about present levels. This salary should pay the salesman adequately for reasonable performance on the assigned job. That job should include adequate service to assigned subscriber groups, normal volume of new business and other special assignments that management may feel justified in making from time to time.

2. A bonus probably paid on a quarterly basis for a better than normal record in securing new subscribers. This bonus should probably be calculated by awarding points or dollars for each new subscriber. The number of points or dollars that you would award would depend on the type of coverage. Its values may be changed from time to time to reflect changes in the emphasis in the sales program.

Assume for the moment that you decided that a salesman should earn 25 points per subscriber in a group policy. For a policy covering a group of 40 persons he would receive 1000 points. For each family member included you might award an additional 10 points. Under this arrangement, each man would accumulate a certain number of points in each period. If you decided that a normal new business experience for a salesman was 3000 points per month, you would deduct this amount from the salesman's experience in each case and calculate the bonus by multiplying the number of points remaining by predetermined values. In the example we have used, the per point value might be 5 cents. This value could be changed from time to time in view of changing circumstances.

4732 Assume that during the three-month period the salesman in this example accumulated total points

of 12,500. Deducting normal performance or bogey of 9000 points for three months, he would be eligible for a bonus of 3500 points at 5 cents, or $175.

Again we want to emphasize that this is only a broad outline for a feasible type of compensation. A detailed recommendation that could be presented to the Board for adoption must be based on more careful analysis than we have been able to include in this engagement.

4733 III—A MORE SUITABLE ORGANIZATION PLAN

Exhibit V outlines a recommended organization plan that we feel would be more suitable. The more important changes outlined in this exhibit are as follows:

1. Concentration of policy-making authority in the Board of Directors as described in Section I.

2. Expansion of the Board of Directors. This and successive changes are described in this section of the report.

3. Designation of a Medical Director.

4. Appointment of an Assistant General Manager.

5. Clarification of responsibility for sales and promotional activities.

6. Consolidation of accounting, claims and other office activities in Portland.

Expanded Board of Directors

We believe the present five-man Board of Directors composed solely of doctors would be considerably more effective if it were expanded to provide outside viewpoints. Many corporations have profited from outside aid and counsel on major policy questions by adding to the size and format of their boards. We see the same advantage for Oregon Physicians' Service and recommend that three members representing the following interested groups be added to the Board:

Employer Interest: Present state laws and pressure from union groups for security clauses give the average employer a very real interest in medical service plans. An enlightened employer with widespread interests could give excellent advice on business problems related to the whole field of medical economics, if he were added to the Board.

Employee Interest: It would be desirable to secure the services of a representative of one of the two major unions possibly as rotating members: C. I. O. one year, A. F. L. the next. The selection of this member would be extremely important in view of the national attitude of both unions regarding socialized medicine.

4734 *Public Interest*: An outstanding civic leader should be included, one who understands medical economics from the community welfare point of view.

We recommend that during a trial period of one or two years the three extra members be designated as advisory or non-voting members only. At the end of this time, and based on experience with this innovation, the bylaws could be changed to include the three as voting Board members. At that time it may be wise to increase the total Board to nine and select another professional member.

This expansion of the Board should improve its ability to give sound policy direction to the enterprise. It should also go a long way toward broadening the position and standing of O. P. S. in the community. It can be the basis for improved public relations and constructive publicity.

MEDICAL DIRECTOR

It is our opinion that there is a definite need for a Medical Director in O. P. S. We know that the previous experience with a Medical Director was unsatisfactory. However, we found that this arose largely from a clash of personalities and a difficult working relationship rather than from any fundamentally unsound aspect of this proposal.

It might not be necessary or desirable to employ the services of a Medical Director full time at present. With an increasing number of subscribers a full-time arrangement would probably soon be necessary.

We recognize that it would be of paramount importance to select the proper individual. He must be one who is acceptable to the medical profession and at the same time able to do a good job for O. P. S. and work effectively with the executive group.

In the proposed organization plan (Exhibit V) this position carries line responsibility over professional relations, but only functional authority over claims handling. This arrangement should eliminate the principal source of the difficulty experienced with the previous Medical Director.

Exhibit VI is a statement of the major duties and responsibilities attached to this position.

4735 We believe that a Medical Director can perform a real service for Oregon Physicians' Service in insuring more uniform claims handling, providing the doctors with a better understanding of the medical economics involved in a medical service plan, and promoting O. P. S. with doctors and hospital managements.

ASSISTANT GENERAL MANAGER

A full-time administrative head is needed in Portland for frequent on-the-spot decisions that must be made in the handling of claims, eligibility of subscribers, sales and accounting details. These decisions should not be put off until the General Manager is available. Under the present arrangement, with the General Manager spending a portion of his time in Salem each week, it is frequently necessary to delay a decision on matters of importance. This situation should be corrected by setting up the job of Assistant General Manager with full responsibility to handle the recurring problems arising at Portland.

SALES AND PROMOTION ORGANIZATION

At present, sales and promotional responsibilities are not clearly defined. Too many people outside the Sales Department are participating in this activity and sharing the responsibilities. This arrangement was probably satisfactory when O. P. S. was considerably smaller and when the emphasis on sales was secondary. But with the present size of O. P. S. and with the doctors supporting a drive for increased sales, it is essential that this responsibility be clearly defined and the efforts of the department directed to producing the greatest possible volume.

We recommend that all the responsibilities for sales and promotion activities be assigned to the Promotion Manager and that he be given the authority necessary for successful administration.

Salesmen at present have three major responsibilities, namely:

1. Sales to new groups.

2. Service to established groups—answering complaints and queries relative to claims handling, family coverage, etc.

3. Professional relations—contacting doctors and hospitals in order to secure their cooperation in the administration of the plan.

4736 The latter responsibility is misplaced. The salesman cannot adequately discharge this assignment. It is too specialized and too important to the success of O. P. S. to be relegated to a fraction of the salesman's efforts. Consequently it is our further recommendation that this latter responsibility be assigned to the Medical Director while the salesmen concentrate on sales and service.

CONSOLIDATION OF OFFICE ACTIVITIES

In Section I we suggested that all accounting and administrative details be transferred to Portland. The present size of O. P. S. operations and the concentration of present subscribers in and around Portland both argue for placing all administrative details in the one office. We can see no important advantages in keeping them segregated, but substantial advantages in consolidation.

In our survey we covered only enough of the details of the various operations to be sure we understood their purpose and to make certain that there would be no operational difficulties in consolidation.

At the same time we believe certain activities in the Portland office should be reassigned and reorganized for greater operating efficiency.

The following moves would be included in this recommendation:

Medford Office

1. Retain office only for sales and service activities. Transfer all accounting, office and claims handling details to the respective departments in Portland, releasing two clerks now employed in handling these details.

Salem Office

1. Transfer Division Manager and Executive Assistant into different positions in Portland.

2. Retain First Aid Department but place under responsibility of Professional Relations Supervisor in Portland.

3. Receptionist. Eliminate job.

4737 4. Supply Department. Eliminate job. This responsibility can be handled out of Portland. Purchasing now handled in Salem would be transferred to Purchasing Agent in Portland.

5. Cashier. Eliminate job. Transfer responsibility to Portland Subscriber Department.

6. Accounting Department. Transfer responsibility to Portland Accounting Department. It should be possible to eliminate one or two jobs.

7. Claims Department. Transfer responsibility to Claims Department in Portland. It should be possible to eliminate one job.

8. File Department. Eliminate jobs. Transfer responsibility to File Department in Portland.

9. I. B. M. Department. Eliminate jobs. Transfer responsibility to the Status Unit and I. B. M Department in Portland.

Portland Office

1. Key Punch Department now operating separately under the Accounting Department should be transferred to the I. B. M. Department.

2. Veterans' claims. Transfer to Claims Department.

3. Receptionist and Cashier Department. Transfer to Subscriber Department under Chief Accountant's supervision.

4. Set up Office Service Department for following units:
   (a) Mail
   (b) Switchboard operation
   (c) Stenographic

5. Industrial nurses. At present nurses report to the Executive Assistant in the administrative office. It is suggested that in the future all nurses in O. P. S. report to the Medical Director.

Some of these suggestions appear to be relatively minor. Others are contingent upon the settlement of the local autonomy question. Together they will result in an organization which we believe will be considerably more effective in meeting the problems of the coming year—at reduced cost.

4738 Exhibit VI

Oregon Physicians' Service

MEDICAL DIRECTOR
POSITION DESCRIPTION

General Responsibilities

This position is directly responsible to the General Manager of O. P. S. for the direction and supervision of all professional relations activities of the company. It has functional responsibility over claims handling on matters pertaining to the practice of medicine.

Specific Duties

1. Supervise all activities of the Professional Relations Department. Through the supervision of professional relations, exercise line supervision over nurses' activities and first aid.

2. Work with doctors, hospitals, county medical societies and other physician groups on the operational problems of O. P. S., attempting to secure their professional acceptance of the philosophy and principles of a prepaid medical care plan.

3. Advise and counsel the Claims Department of O. P. S. on matters pertaining to medical care and the general interpretation of the practice of medicine as applied to claims handling.

4. Assist in the development or modification of fee schedules.

5. In conjunction with the Claims Supervisor, represent O. P. S. at Supervisory Council meetings.

Note: This list of duties is not intended to encompass the full responsibilities of the job. It has been introduced for the purpose of illustrating the limited line and the major functional responsibility of the position.